



SEMBCORP MARINE LTD
Registration Number: 196300098Z

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2014.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
	Note	4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Turnover	2a	1,444,932	1,692,748	(14.6)	5,832,595	5,525,882	5.6
Cost of sales	2a	(1,170,246)	(1,463,425)	(20.0)	(4,988,918)	(4,818,071)	3.5
Gross profit	2a	274,686	229,323	19.8	843,677	707,811	19.2
Other operating income	2b	209	11,366	(98.2)	35,348	87,281	(59.5)
Other operating expenses	2b	1,354	(714)	n.m.	(19,584)	(2,393)	n.m.
General and administrative expenses	2c	(43,872)	(52,069)	(15.7)	(152,416)	(148,442)	2.7
Operating profit		232,377	187,906	23.7	707,025	644,257	9.7
Finance income	2d	2,137	3,050	(29.9)	9,711	8,200	18.4
Finance costs	2e	(9,485)	(2,229)	n.m.	(20,960)	(8,072)	n.m.
Investment income	2f	-	-	-	1,192	2,228	(46.5)
Non-operating income	2g	32	211	(84.8)	179	3,027	(94.1)
Non-operating expenses	2g	(2)	(199)	(99.0)	(2)	(269)	(99.3)
Share of results of associates and joint ventures, net of tax	2h	(7,392)	(1,453)	n.m.	9,859	11,166	(11.7)
Profit before tax		217,667	187,286	16.2	707,004	660,537	7.0
Tax (expense)/credit	2i	(24,195)	8,968	n.m.	(105,729)	(72,277)	46.3
Profit for the period/year		193,472	196,254	(1.4)	601,275	588,260	2.2
Profit attributable to:							
Owners of the Company		174,046	182,442	(4.6)	560,128	555,747	0.8
Non-controlling interests		19,426	13,812	40.6	41,147	32,513	26.6
Profit for the period/year		193,472	196,254	(1.4)	601,275	588,260	2.2
Earnings per share (cents)	2j						
Basic		8.34	8.73	(4.5)	26.83	26.61	0.8
Diluted		8.33	8.73	(4.6)	26.82	26.59	0.9

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Turnover	(i)	1,444,932	1,692,748	(14.6)	5,832,595	5,525,882	5.6
Cost of sales		(1,170,246)	(1,463,425)	(20.0)	(4,988,918)	(4,818,071)	3.5
Gross profit	(ii)	274,686	229,323	19.8	843,677	707,811	19.2
<i>Included in cost of sales:</i>							
Depreciation and amortisation		(30,252)	(24,458)	23.7	(111,505)	(97,415)	14.5
(Allowance for)/write-back of inventory obsolescence		(203)	(1,217)	(83.3)	76	(1,320)	n.m.

(i) Group turnover for 4Q 2014 decreased mainly due to the lower revenue recognition for rig building projects.

Group turnover for FY 2014 increased mainly due to the higher revenue recognition for rig building projects in the first three quarters and offshore and conversion projects.

(ii) Gross profit for 4Q 2014 and FY 2014 increased mainly due to higher contribution from rig building and offshore and conversion projects.

2b. Other operating income/(expenses)

		Group			Group		
		4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Other operating income		209	11,366	(98.2)	35,348	87,281	(59.5)
Other operating expenses		1,354	(714)	n.m.	(19,584)	(2,393)	n.m.
		1,563	10,652	(85.3)	15,764	84,888	(81.4)
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	14,760	1,759	n.m.	(5,913)	30,314	n.m.
Changes in fair value of hedging instruments	(ii)	(20,542)	(447)	n.m.	(12,169)	(1,231)	n.m.
Gain/(loss) on disposal of property, plant and equipment, net		31	(9)	n.m.	98	14,760	(99.3)
Other income	(iii)	8,551	9,556	(10.5)	35,250	42,147	(16.4)
Other expenses		(1,237)	(207)	n.m.	(1,502)	(1,102)	36.3
		1,563	10,652	(85.3)	15,764	84,888	(81.4)

(i) Foreign exchange gain/(loss) in 4Q 2014 and FY 2014 mainly arose from the revaluation of assets and liabilities denominated in Euro and United States dollar to Singapore dollar.

(ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

(iii) Other income was lower in 4Q 2014 mainly due to lower sales of scrap and rental income. Higher other income in FY 2013 was mainly due to settlement of claims.

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

2c. General and administrative expenses

	Group			Group		
	4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
General and administrative expenses (i)	(43,872)	(52,069)	(15.7)	(152,416)	(148,442)	2.7
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(1,052)	(608)	73.0	(3,628)	(3,192)	13.7
(Allowance for)/write-back of doubtful debts and bad debts	(369)	235	n.m.	(489)	687	n.m.

(i) Lower general and administrative expenses in 4Q 2014 were mainly due to lower personnel related costs.

Higher general and administrative expenses in FY 2014 were mainly due to higher personnel related costs from the Brazil shipyard.

2d. Finance income

Lower finance income in 4Q 2014 was mainly due to lower interest income from lower bank balances as compared to 4Q 2013. Higher finance income in FY 2014 was mainly due to higher interest rates and bank balances.

2e. Finance costs

	Group			Group		
	4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Finance costs	(9,485)	(2,229)	n.m.	(20,960)	(8,072)	n.m.
<i>Included in finance costs:</i>						
Interest expense (i)	(8,859)	(1,803)	n.m.	(18,618)	(6,104)	n.m.
Commitment and facility fees	(626)	(426)	46.9	(2,342)	(1,968)	19.0
	(9,485)	(2,229)	n.m.	(20,960)	(8,072)	n.m.

(i) Higher interest expense in 4Q 2014 and FY 2014 was mainly due to higher bank borrowings as compared to the corresponding periods in 2013.

2f. Investment income

Lower investment income in FY 2014 was mainly due to lower dividend received from quoted investments.

2g. Non-operating income/(expenses)

	Group			Group		
	4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Non-operating income	32	211	(84.8)	179	3,027	(94.1)
Non-operating expenses	(2)	(199)	(99.0)	(2)	(269)	(99.3)
	30	12	n.m.	177	2,758	(93.6)
<i>Included in non-operating income/(expenses):</i>						
Changes in fair value of other financial assets	30	12	n.m.	177	(58)	n.m.
Gain on disposal of an associate	-	-	-	-	2,816	n.m.
	30	12	n.m.	177	2,758	(93.6)

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

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

The share of results of associates and joint ventures decreased in 4Q 2014 and FY 2014 mainly due to lower contribution from associates as compared to the corresponding periods in 2013.

2i. Tax (expense)/credit

	Group			Group		
	4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Tax (expense)/credit	(24,195)	8,968	n.m.	(105,729)	(72,277)	46.3
<i>Included in tax (expense)/credit:</i>						
Write-back of tax in respect of prior years, net (i)	10,888	33,188	(67.2)	10,956	34,241	(68.0)

(i) In 4Q 2013 and FY 2013, the write-back of tax was mainly attributable to recognition of tax incentives.

2j. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	4Q 2014	4Q 2013	+ / (-) %	FY 2014	FY 2013	+ / (-) %
(i) Based on the weighted average number of shares (cents)	8.34	8.73	(4.5)	26.83	26.61	0.8
Weighted average number of shares ('000)	2,089,306	2,089,321	n.m.	2,088,054	2,088,675	n.m.
(ii) On a fully diluted basis (cents)	8.33	8.73	(4.6)	26.82	26.59	0.9
Adjusted weighted average number of shares ('000)	2,089,972	2,090,441	n.m.	2,088,720	2,089,795	(0.1)

2k. Profitability ratios

	Group			Group		
	4Q 2014 %	4Q 2013 %	+ / (-) %	FY 2014 %	FY 2013 %	+ / (-) %
Profit after taxation as a percentage of Turnover	13.39	11.59	15.5	10.31	10.65	(3.2)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period/year	5.87	6.82	(13.9)	18.89	20.76	(9.0)

2l. Breakdown of sales

	Group		
	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
<u>First Half Year</u>			
(i) Sales reported	2,676,099	2,174,369	23.1
(ii) Profit after tax before deducting non-controlling interests reported	268,566	253,755	5.8
<u>Second Half Year</u>			
(iii) Sales reported	3,156,496	3,351,513	(5.8)
(iv) Profit after tax before deducting non-controlling interests reported	332,709	334,505	(0.5)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		4Q 2014 \$'000	4Q 2013 \$'000	+ / (-) %	FY 2014 \$'000	FY 2013 \$'000	+ / (-) %
Profit for the period/year		193,472	196,254	(1.4)	601,275	588,260	2.2
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations	3a(i)	51,772	(10,493)	n.m.	57,047	40,356	41.4
Net change in fair value of cash flow hedges	3a(ii)	(28,303)	(24,039)	17.7	(30,236)	(47,079)	(35.8)
Net change in fair value of available-for-sale financial assets	3a(iii)	(11,901)	(708)	n.m.	(22,008)	(29,013)	(24.1)
Other comprehensive income for the period/year, net of tax		11,568	(35,240)	n.m.	4,803	(35,736)	n.m.
Total comprehensive income for the period/year		205,040	161,014	27.3	606,078	552,524	9.7
Total comprehensive income attributable to:							
Owners of the Company		179,884	148,314	21.3	558,246	517,031	8.0
Non-controlling interests		25,156	12,700	98.1	47,832	35,493	34.8
Total comprehensive income for the period/year		205,040	161,014	27.3	606,078	552,524	9.7

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 swap.
- (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-Dec-2014 \$'000	31-Dec-2013 \$'000	31-Dec-2014 \$'000	31-Dec-2013 \$'000
Non-current assets				
Property, plant and equipment	3,008,909	2,394,167	90,805	87,744
Investment properties	-	-	22,535	24,632
Investments in subsidiaries	-	-	502,675	506,791
Interests in associates and joint ventures	470,277	445,743	107,369	107,369
Other financial assets	90,443	107,166	59,528	68,666
Trade and other receivables	41,015	44,482	73,824	74,374
Intangible assets	52,614	30,341	184	184
Deferred tax assets	8,044	7,108	-	-
	<u>3,671,302</u>	<u>3,029,007</u>	<u>856,920</u>	<u>869,760</u>
Current assets				
Inventories and work-in-progress	3,005,419	2,083,586	-	-
Trade and other receivables	468,532	442,410	40,869	52,951
Tax recoverable	203	196	-	-
Other financial assets	14,188	-	-	-
Cash and cash equivalents	1,078,776	1,694,901	22,402	49,860
	<u>4,567,118</u>	<u>4,221,093</u>	<u>63,271</u>	<u>102,811</u>
Total assets	<u>8,238,420</u>	<u>7,250,100</u>	<u>920,191</u>	<u>972,571</u>
Current liabilities				
Trade and other payables	1,825,676	1,781,118	18,430	18,553
Excess of progress billings over work-in-progress	1,005,353	1,440,812	-	-
Provisions	15,690	23,057	-	-
Other financial liabilities	46,771	8,775	-	-
Current tax payable	121,259	110,533	3,682	5,080
Interest-bearing borrowings	433,848	166,111	-	-
	<u>3,448,597</u>	<u>3,530,406</u>	<u>22,112</u>	<u>23,633</u>
Net current assets	<u>1,118,521</u>	<u>690,687</u>	<u>41,159</u>	<u>79,178</u>
Non-current liabilities				
Deferred tax liabilities	130,309	123,066	11,069	12,064
Provisions	100,274	96,573	27,895	27,895
Other financial liabilities	35,673	10,523	-	-
Interest-bearing borrowings	1,307,519	600,000	-	-
Other payables	84,021	80,020	16,823	19,233
	<u>1,657,796</u>	<u>910,182</u>	<u>55,787</u>	<u>59,192</u>
Total liabilities	<u>5,106,393</u>	<u>4,440,588</u>	<u>77,899</u>	<u>82,825</u>
Net assets	<u>3,132,027</u>	<u>2,809,512</u>	<u>842,292</u>	<u>889,746</u>
Equity attributable to owners of the Company				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(76,625)	(76,179)	(16,733)	(4,051)
Revenue reserve	2,557,455	2,268,927	374,737	409,509
	<u>2,965,118</u>	<u>2,677,036</u>	<u>842,292</u>	<u>889,746</u>
Non-controlling interests	<u>166,909</u>	<u>132,476</u>	<u>-</u>	<u>-</u>
Total equity	<u>3,132,027</u>	<u>2,809,512</u>	<u>842,292</u>	<u>889,746</u>

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

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

Interest-bearing borrowings:	As at 31-Dec-2014	As at 31-Dec-2013
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	433,848	166,111
(ii) <u>Amount repayable after one year</u> Unsecured	1,307,519	600,000

4b. **Net asset value**

	Group		Company	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	141.92	128.21	40.31	42.61

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

(i) **Group**

Non-current assets

'Property, plant and equipment' increased mainly due to capital expenditures for the new shipyard in Brazil and Phase II of Sembmarine Integrated Yard @ Tuas.

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

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

'Trade and other receivables' decreased mainly due to receipts during the year.

'Intangible assets' increased mainly due to the acquisition of the full range of Sembmarine SSP Inc. intellectual property and proprietary products of next-generation SSP floaters.

'Deferred tax assets' increased mainly due to provision made during the period.

Current assets

'Inventories and work-in-progress' increased mainly due to payment terms of rig building projects.

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

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

'Cash and cash equivalents' decreased mainly due to capital expenditures, dividends paid and working capital changes for ongoing projects.

Current liabilities

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

'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.

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

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

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

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

(i) **Group** (Cont'd)

Non-current liabilities

'Deferred tax liabilities' increased mainly due to the tax effects of capital expenditures incurred.

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

'Interest-bearing borrowings' increased mainly due to the issuance of \$600 million Fixed Rate Notes, borrowings for capital expenditures for the Sembmarine Integrated Yard @Tuas and a marine vessel.

'Other payables' increased mainly due to accrual of operating expenses.

(ii) **Company**

Non-current assets

'Investment properties' decreased mainly due to depreciation charge for the year.

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

Current assets

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

'Cash and cash equivalents' decreased mainly due to dividends paid.

Current liabilities

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

Non-current liabilities

'Deferred tax liabilities' decreased mainly due to the tax effects of fair value adjustment of quoted equity shares.

'Other payables' decreased mainly due to lower accrual of operating expenses.

Equity

'Other reserves' movement was mainly due to fair value adjustments on quoted prices of available-for-sale financial assets.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	4Q 2014	4Q 2013	FY 2014	FY 2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Profit for the period/year	193,472	196,254	601,275	588,260
Adjustments for:				
Finance income	(2,137)	(3,050)	(9,711)	(8,200)
Finance costs	9,485	2,229	20,960	8,072
Investment income	-	-	(1,192)	(2,228)
Depreciation of property, plant and equipment	29,581	24,227	110,893	97,251
Amortisation of intangible assets	1,723	839	4,240	3,356
Share of results of associates and joint ventures, net of tax	7,392	1,453	(9,859)	(11,166)
(Gain)/loss on disposal of property, plant and equipment, net	(31)	9	(98)	(14,760)
Gain on disposal of an associate	-	-	-	(2,816)
Changes in fair value of hedging instruments	20,542	447	12,169	1,231
Share-based payment expenses	2,805	4,398	15,998	16,948
Assets written-off	156	169	232	268
Changes in fair value of other financial assets	(30)	(12)	(177)	58
Tax expense/(credit)	24,195	(8,968)	105,729	72,277
Operating profit before working capital changes	287,153	217,995	850,459	748,551
Changes in working capital:				
Inventories and work-in-progress	(924,607)	(198,243)	(1,357,292)	(23,117)
Trade and other receivables	(21,489)	(30,630)	(22,465)	42,947
Trade and other payables	308,405	68,415	112,557	222,690
Cash (used in)/generated from operations	(350,538)	57,537	(416,741)	991,071
Investment and interest income received	2,093	3,073	10,726	10,530
Interest paid	(5,260)	(1,584)	(19,460)	(10,889)
Tax paid	(10,135)	(8,951)	(82,798)	(53,547)
Net cash (used in)/generated from operating activities	(363,840)	50,075	(508,273)	937,165
Cash flows from Investing Activities:				
Purchase of property, plant and equipment	(215,842)	(248,545)	(738,878)	(814,916)
Proceeds from sale of property, plant and equipment	122	77	419	17,893
Purchase of intangible assets	(1,327)	(62)	(26,513)	(62)
Additional investment in an associate	-	-	-	(457)
Additional investment in a joint venture	-	-	-	(5,590)
Acquisition of other financial assets	1	-	(5,417)	(1,450)
Proceeds from disposal of an associate	-	-	-	5,726
Dividend from associate	-	-	-	1,175
Net cash used in investing activities	(217,046)	(248,530)	(770,389)	(797,681)
Cash flows from Financing Activities:				
Proceeds from borrowings	155,539	438,185	1,255,269	738,185
Repayment of borrowings	(57,784)	(300,000)	(291,696)	(300,000)
Proceeds from share options exercised	55	(307)	723	583
Purchase of treasury shares	-	(5,572)	(11,555)	(20,366)
Dividends paid to owners of the Company	-	-	(271,605)	(271,593)
Dividends paid to non-controlling interests of subsidiaries	-	-	(13,399)	(11,518)
Unclaimed dividends	-	-	5	-
Net cash generated from financing activities	97,810	132,306	667,742	135,291
Net (decrease)/increase in cash and cash equivalents	(483,076)	(66,149)	(610,920)	274,775
Cash and cash equivalents at beginning of the period/year	1,556,147	1,758,882	1,694,901	1,408,907
Effect of exchange rate changes on balances held in foreign currencies	3,712	2,168	(7,198)	11,219
Cash and cash equivalents at end of the period/year	1,076,783	1,694,901	1,076,783	1,694,901

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-Dec-2014 \$'000	31-Dec-2013 \$'000
Fixed deposits	66,157	194,615
Cash and bank balances	1,012,619	1,500,286
Cash and cash equivalents in balance sheets	1,078,776	1,694,901
Bank overdrafts	(1,993)	-
Cash and cash equivalents in statement of cash flows	1,076,783	1,694,901

5b. Explanatory notes to Consolidated Statement of Cash Flows

(i) Fourth Quarter

Cash flows from operating activities before changes in working capital was \$287.2 million in 4Q 2014. Net cash used in operating activities for 4Q 2014 at \$363.8 million was mainly due to working capital for the ongoing rig building projects.

Net cash used in investing activities for 4Q 2014 was \$217.0 million. The Group spent \$215.8 million on expansion and operational capital expenditure, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for 4Q 2014 was \$97.8 million. It relates mainly to net proceeds from borrowings.

(ii) Full Year

Cash flows from operating activities before changes in working capital was \$850.5 million in FY 2014. Net cash used in operating activities for FY 2014 at \$508.3 million was mainly due to working capital for the ongoing rig building projects.

Net cash used in investing activities for FY 2014 was \$770.4 million. The Group spent \$738.9 million on expansion and operational capital expenditure, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for FY 2014 was \$667.7 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

(iii) Significant non-cash transactions

Purchase of property, plant and equipment excludes accrued capital expenditure of \$33.1 million for the Brazil new yard.

During FY 2013, there was a reclassification of \$243.5 million from 'Inventories and work-in-progress' to 'Property, plant and equipment' for a vessel by a subsidiary.

Arising from the divestment of 30 per cent shareholding in HQSM Engineering Pte Ltd ("HQSM") (previously at 49 per cent) by a subsidiary, the retained 19 per cent equity stake in HQSM was fair valued at \$2.7 million and reclassified to 'Other financial assets' during FY 2013.

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		
9M 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	-	-	-	-	-	386,082	386,082	21,721	407,803
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	4,320	-	-	4,320	955	5,275
Net fair value changes of cash flow hedges	-	-	-	-	(1,933)	-	(1,933)	-	(1,933)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(10,107)	-	(10,107)	-	(10,107)
Total other comprehensive income	-	-	-	4,320	(12,040)	-	(7,720)	955	(6,765)
Total comprehensive income	-	-	-	4,320	(12,040)	386,082	378,362	22,676	401,038
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(11,555)	-	-	-	-	(11,555)	-	(11,555)
Issue of treasury shares	-	17,349	-	-	(16,705)	-	644	-	644
Dividends paid	-	-	-	-	-	(271,605)	(271,605)	(13,399)	(285,004)
Unclaimed dividends	-	-	-	-	-	5	5	-	5
Cost of share-based payment - charged to profit or loss	-	-	-	-	9,205	-	9,205	-	9,205
Total transactions with owners	-	5,794	-	-	(7,500)	(271,600)	(273,306)	(13,399)	(286,705)
At 30 September 2014	484,288	(1,965)	25,574	(63,086)	(46,128)	2,383,409	2,782,092	141,753	2,923,845
4Q 2014									
Total comprehensive income									
Profit for the period	-	-	-	-	-	174,046	174,046	19,426	193,472
Other comprehensive income									
Foreign currency translation differences	-	-	-	46,042	-	-	46,042	5,730	51,772
Net fair value changes of cash flow hedges	-	-	-	-	(28,303)	-	(28,303)	-	(28,303)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(11,901)	-	(11,901)	-	(11,901)
Total other comprehensive income	-	-	-	46,042	(40,204)	-	5,838	5,730	11,568
Total comprehensive income	-	-	-	46,042	(40,204)	174,046	179,884	25,156	205,040
Transactions with owners of the Company, recognised directly in equity									
Issue of treasury shares	-	250	-	-	(182)	-	68	-	68
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,074	-	3,074	-	3,074
Total transactions with owners	-	250	-	-	2,892	-	3,142	-	3,142
At 31 December 2014	484,288	(1,715)	25,574	(17,044)	(83,440)	2,557,455	2,965,118	166,909	3,132,027

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

6a. Statements of Changes in Equity for the Group (Cont'd)

	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		
9M 2013									
At 1 January 2013	480,086	(3,223)	25,574	(104,782)	56,096	1,984,773	2,438,524	108,501	2,547,025
Total comprehensive income									
Profit for the period	-	-	-	-	-	373,305	373,305	18,701	392,006
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	46,757	-	-	46,757	4,092	50,849
Net fair value changes of cash flow hedges	-	-	-	-	(23,040)	-	(23,040)	-	(23,040)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(28,305)	-	(28,305)	-	(28,305)
Total other comprehensive income	-	-	-	46,757	(51,345)	-	(4,588)	4,092	(496)
Total comprehensive income	-	-	-	46,757	(51,345)	373,305	368,717	22,793	391,510
Transactions with owners of the Company, recognised directly in equity									
Issue of new shares	4,202	-	-	-	(4,202)	-	-	-	-
Purchase of treasury shares	-	(14,794)	-	-	-	-	(14,794)	-	(14,794)
Issue of treasury shares	-	16,079	-	-	(15,237)	-	842	-	842
Dividends paid	-	-	-	-	-	(271,593)	(271,593)	(11,518)	(283,111)
Cost of share-based payment - charged to profit or loss	-	-	-	-	9,592	-	9,592	-	9,592
Total transactions with owners	4,202	1,285	-	-	(9,847)	(271,593)	(275,953)	(11,518)	(287,471)
At 30 September 2013	484,288	(1,938)	25,574	(58,025)	(5,096)	2,086,485	2,531,288	119,776	2,651,064
4Q 2013									
Total comprehensive income									
Profit for the period	-	-	-	-	-	182,442	182,442	13,812	196,254
Other comprehensive income									
Foreign currency translation differences	-	-	-	(9,381)	-	-	(9,381)	(1,112)	(10,493)
Net fair value changes of cash flow hedges	-	-	-	-	(24,039)	-	(24,039)	-	(24,039)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(708)	-	(708)	-	(708)
Total other comprehensive income	-	-	-	(9,381)	(24,747)	-	(34,128)	(1,112)	(35,240)
Total comprehensive income	-	-	-	(9,381)	(24,747)	182,442	148,314	12,700	161,014
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(5,572)	-	-	-	-	(5,572)	-	(5,572)
Issue of treasury shares	-	(249)	-	-	(179)	-	(428)	-	(428)
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,434	-	3,434	-	3,434
Total transactions with owners	-	(5,821)	-	-	3,255	-	(2,566)	-	(2,566)
At 31 December 2013	484,288	(7,759)	25,574	(67,406)	(26,588)	2,268,927	2,677,036	132,476	2,809,512

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
9M 2014						
At 1 January 2014	484,288	(7,759)	960	2,748	409,509	889,746
Total comprehensive income						
Profit for the period	-	-	-	-	238,396	238,396
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(7,002)	-	(7,002)
Total other comprehensive income	-	-	-	(7,002)	-	(7,002)
Total comprehensive income	-	-	-	(7,002)	238,396	231,394
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(11,555)	-	-	-	(11,555)
Issue of treasury shares	-	17,349	-	(16,681)	-	668
Dividends paid	-	-	-	-	(271,605)	(271,605)
Unclaimed dividends	-	-	-	-	5	5
Cost of share-based payment						
- charged to profit or loss	-	-	-	1,789	-	1,789
- issued to employees of subsidiaries	-	-	-	7,416	-	7,416
Total transactions with owners	-	5,794	-	(7,476)	(271,600)	(273,282)
At 30 September 2014	484,288	(1,965)	960	(11,730)	376,305	847,858
4Q 2014						
Total comprehensive income						
Profit for the period	-	-	-	-	(1,568)	(1,568)
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(7,140)	-	(7,140)
Total other comprehensive income	-	-	-	(7,140)	-	(7,140)
Total comprehensive income	-	-	-	(7,140)	(1,568)	(8,708)
Transactions with owners of the Company, recognised directly in equity						
Issue of treasury shares	-	250	-	(182)	-	68
Dividends paid	-	-	-	-	-	-
Cost of share-based payment						
- charged to profit or loss	-	-	-	597	-	597
- issued to employees of subsidiaries	-	-	-	2,477	-	2,477
Total transactions with owners	-	250	-	2,892	-	3,142
At 31 December 2014	484,288	(1,715)	960	(15,978)	374,737	842,292

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

6b. Statements of Changes in Equity of the Company (Cont'd)

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2013						
At 1 January 2013	480,086	(3,223)	960	30,846	385,955	894,624
Total comprehensive income						
Profit for the period	-	-	-	-	289,644	289,644
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(24,224)	-	(24,224)
Total other comprehensive income	-	-	-	(24,224)	-	(24,224)
Total comprehensive income	-	-	-	(24,224)	289,644	265,420
Transactions with owners of the Company, recognised directly in equity						
Issue of new shares	4,202	-	-	(4,202)	-	-
Purchase of treasury shares	-	(14,794)	-	-	-	(14,794)
Issue of treasury shares	-	16,079	-	(15,189)	-	890
Dividends paid	-	-	-	-	(271,593)	(271,593)
Cost of share-based payment						
- charged to profit or loss	-	-	-	1,836	-	1,836
- issued to employees of subsidiaries	-	-	-	7,756	-	7,756
Total transactions with owners	4,202	1,285	-	(9,799)	(271,593)	(275,905)
At 30 September 2013	484,288	(1,938)	960	(3,177)	404,006	884,139
4Q 2013						
Total comprehensive income						
Profit for the period	-	-	-	-	5,503	5,503
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	2,546	-	2,546
Total other comprehensive income	-	-	-	2,546	-	2,546
Total comprehensive income	-	-	-	2,546	5,503	8,049
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(5,572)	-	-	-	(5,572)
Issue of treasury shares	-	(249)	-	(55)	-	(304)
Cost of share-based payment						
- charged to profit or loss	-	-	-	642	-	642
- issued to employees of subsidiaries	-	-	-	2,792	-	2,792
Total transactions with owners	-	(5,821)	-	3,379	-	(2,442)
At 31 December 2013	484,288	(7,759)	960	2,748	409,509	889,746

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 December 2014, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,343,860 (31 December 2013: 2,087,961,345) ordinary shares.

(ii) Share Options

During 4Q 2014, 22,675 (4Q 2013: 23,213) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

In 4Q 2014, there were 2,800 (4Q 2013: Nil) share options which lapsed.

As at 31 December 2014, there were 1,676,502 (31 December 2013: 2,160,179) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2014 was 2,810,000 (31 December 2013: 1,915,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,215,000 (31 December 2013: 2,872,500) performance shares.

(iv) Restricted Shares

During 4Q 2014, 37,947 (4Q 2013: 3,865) restricted shares were released under the Company's Restricted Share Plan ("RSP") and 19,240 (4Q 2013: 17,625) restricted shares lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2014 was 8,262,801 (31 December 2013: 8,545,150). 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 December 2014 was 5,450,570 (31 December 2013: 5,243,250). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 8,175,855 (31 December 2013: 7,864,875) restricted shares.

(v) Treasury Shares

During 4Q 2014, the Company did not acquire (4Q 2013: 1,384,000) ordinary shares in the Company by way of on-market purchases.

In 4Q 2014, 60,622 (4Q 2013: 27,078) treasury shares were issued pursuant to the SOP and RSP.

As at 31 December 2014, 416,247 (31 December 2013: 1,798,762) 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 Company's Performance Share Plan 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 2013.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2014:

FRS 27 (2011)	Separate Financial Statements
FRS 28 (2011)	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 110, FRS 111 and FRS 112	Transition Guidance
Amendments to FRS 110, FRS 112 and FRS 27	Investment Entities
INT FRS 121	Levies

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

Change in estimates

In accordance with the recent clarification issued by the Institute of Singapore Chartered Accountants (ISCA), the Group revised its estimates to commence revenue recognition when the project activity milestones are established instead of when work is at least 20% complete. The financial effects arising from this change in estimate are not material to the Group's financial statements.

11. REVIEW OF GROUP PERFORMANCE

(i) Group Turnover

	4Q 2014	4Q 2013	+ / (-)	+ / (-)	FY 2014	FY 2013	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rig Building	873.5	1,197.0	(323.5)	(27.0)	3,778.5	3,564.3	214.2	6.0
Offshore and Conversion	396.1	313.6	82.5	26.3	1,353.2	1,203.9	149.3	12.4
Repair	157.5	163.1	(5.6)	(3.4)	622.3	680.8	(58.5)	(8.6)
Other Activities	17.8	19.0	(1.2)	(6.3)	78.6	76.9	1.7	2.2
	1,444.9	1,692.7	(247.8)	(14.6)	5,832.6	5,525.9	306.7	5.6

Group turnover for 4Q 2014 decreased mainly due to the lower revenue recognition for rig building projects.

Group turnover for FY 2014 increased mainly due to the higher revenue recognition for rig building projects in the first three quarters and offshore and conversion projects.

(ii) Group Profit

Group operating profit and profit before tax for 4Q 2014 and FY 2014 increased mainly due to higher contribution from rig building and offshore and conversion projects, despite lower associates and joint ventures contributions.

Group profit attributable to owners of the Company for 4Q 2014 declined mainly due to a write-back of tax in 4Q 2013 on recognition of tax incentives.

Group profit attributable to owners of the Company for FY 2014 increased mainly due to higher operating profit as compared with the previous year. The lower tax expenses in FY 2013 was mainly due to a write-back of tax on recognition of tax incentives.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

With the steep decline in oil prices in second half of 2014, major oil and gas companies have announced reduced capital expenditure and deferred some of their planned projects. The Group continues to face tough competition in upcoming tenders for new projects in the offshore exploration and production sectors.

For the ship repair sector, there is continued demand for repair, upgrading and life extension work, in particular in the niche segments of LNG carriers, passenger/cruise vessels and offshore vessels. Demand for the Group's big docks remains strong as the alliance and long-term customers continue to provide a stable and steady base-load which would help cushion the impact of weaker demand in the offshore rig-building segment.

We remain well positioned to benefit from the upturn with our expanded product capabilities, state-of-the-art facilities and sound track record. Our performance in 2015 will be supported by our order book.

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

(i) Current Financial Period Reported On

Name of Dividend	Interim Ordinary One-tier tax exempt	Proposed Final Ordinary One-tier tax exempt	Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per share)	5.0	8.0	13.0

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim Ordinary One-tier tax exempt	Final Ordinary One-tier tax exempt	Final Special One-tier tax exempt	Total
Dividend Type	Cash	Cash	Cash	Cash
Dividend Amount (cents per share)	5.0	6.0	2.0	13.0

(iii) Date payable

The proposed final ordinary one-tier tax exempt dividend of 8.0 cents per ordinary share, if approved at the AGM to be held on 17 April 2015, will be paid on 14 May 2015.

(iv) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 30 April 2015 for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea building, Singapore 188721, up to 5 p.m. on 29 April 2015 will be registered before entitlements to dividend are determined.

(v) Total Annual Dividend

	2014 \$'000	2013 \$'000
Interim Ordinary dividend	104,459	104,464
Final Ordinary dividend*	167,148	125,359
Final Special dividend	-	41,787
Total	271,607	271,610

* 2014 proposed final ordinary dividend are estimated based on share capital of 2,089,343,860 ordinary shares at the end of the financial year.

15. SEGMENTAL REPORTING

FY 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	5,759,737	50,816	22,042	-	5,832,595
Inter-segment sales	-	-	220,236	(220,236)	-
Total	5,759,737	50,816	242,278	(220,236)	5,832,595
Results					
Segment results	680,455	12,907	13,663	-	707,025
Finance income	9,596	-	115	-	9,711
Finance costs	(19,318)	(1,642)	-	-	(20,960)
Investment income	78	-	1,114	-	1,192
Non-operating income	179	-	-	-	179
Non-operating expenses	(2)	-	-	-	(2)
Share of results of associates and joint ventures, net of tax	3,290	4,909	1,660	-	9,859
Profit before tax	674,278	16,174	16,552	-	707,004
Tax expense	(103,838)	-	(1,891)	-	(105,729)
Profit for the period	570,440	16,174	14,661	-	601,275
Assets					
Segment assets	7,389,588	238,219	132,089	-	7,759,896
Investments in associates and joint ventures	408,061	56,152	6,064	-	470,277
Deferred tax assets	8,044	-	-	-	8,044
Tax recoverable	203	-	-	-	203
Total assets	7,805,896	294,371	138,153	-	8,238,420
Liabilities					
Segment liabilities	4,692,124	123,853	38,848	-	4,854,825
Deferred tax liabilities	129,897	-	412	-	130,309
Current tax payable	118,460	-	2,799	-	121,259
Total liabilities	4,940,481	123,853	42,059	-	5,106,393
Capital expenditure					
	798,283	-	216	-	798,499
Significant non-cash item					
Depreciation and amortisation	105,895	8,366	872	-	115,133
Assets written-off	232	-	-	-	232

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	775,566	1,949,864	6,504,070	265,978
China	5,225	397,938	398,176	25
Rest of ASEAN, Australia & India	696,627	148,132	178,147	16,973
Middle East & Africa	24,222	-	-	-
Norway	924,097	-	-	-
The Netherlands	1,069,909	228,473	243,795	-
Rest of Europe	205,130	6,809	29,278	709
Brazil	127,511	837,612	878,772	514,785
U.S.A.	1,327,426	3,933	6,182	29
Mexico	676,882	-	-	-
Total	5,832,595	3,572,761	8,238,420	798,499

⁽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)

FY 2013

(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	5,455,820	42,164	27,898	-	5,525,882
Inter-segment sales	-	-	204,993	(204,993)	-
Total	5,455,820	42,164	232,891	(204,993)	5,525,882
Results					
Segment results	626,993	3,209	14,055	-	644,257
Finance income	8,126	1	73	-	8,200
Finance costs	(8,072)	-	-	-	(8,072)
Investment income	-	-	2,228	-	2,228
Non-operating income	3,027	-	-	-	3,027
Non-operating expenses	(269)	-	-	-	(269)
Share of results of associates and joint ventures, net of tax	4,880	5,170	1,116	-	11,166
Profit before tax	634,685	8,380	17,472	-	660,537
Tax expense	(70,477)	-	(1,800)	-	(72,277)
Profit for the period	564,208	8,380	15,672	-	588,260
Assets					
Segment assets	6,402,973	247,834	146,246	-	6,797,053
Investments in associates and joint ventures	392,411	48,928	4,404	-	445,743
Deferred tax assets	7,108	-	-	-	7,108
Tax recoverable	196	-	-	-	196
Total assets	6,802,688	296,762	150,650	-	7,250,100
Liabilities					
Segment liabilities	4,176,091	3,924	26,974	-	4,206,989
Deferred tax liabilities	122,515	-	551	-	123,066
Current tax payable	108,096	-	2,437	-	110,533
Total liabilities	4,406,702	3,924	29,962	-	4,440,588
Capital expenditure	814,558	-	420	-	814,978
Significant non-cash item					
Depreciation and amortisation	96,169	3,469	969	-	100,607
Assets written-off	267	-	1	-	268

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	489,599	1,773,532	5,999,605	428,301
China	778	377,528	377,971	5
Rest of ASEAN, Australia & India	1,195,169	139,002	167,915	15,711
Middle East & Africa	81,314	-	-	-
Norway	1,075,189	-	-	-
The Netherlands	476,822	227,157	252,532	-
Rest of Europe	207,462	7,269	21,590	974
Brazil	15,482	386,470	425,560	369,985
U.S.A.	1,420,353	3,753	4,927	2
Mexico	561,608	-	-	-
Other Countries	2,106	-	-	-
Total	5,525,882	2,914,711	7,250,100	814,978

⁽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)

	FY 2014 \$'000	FY 2013 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	5,840	3,256
Sembcorp Industries Limited and its associates	108	-
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	1,811	2,917
PSA International Pte Ltd and its associates	-	650
Singapore Technologies Engineering Ltd and its associates	16,117	3,230
Singapore Technologies Telemedia Pte Ltd and its associates	-	539
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	24,126	10,842
Treasury Transactions		
Placement of Funds from – as at 31 December		
Sembcorp Industries Limited and its associates	-	200,000

17. **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

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

12 February 2015