



SembCorp  
Marine

Co. Reg. No. 196300098Z

## SEMBCORP MARINE LTD

### Second Quarter Financial Statements

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

##### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	2Q 2005 \$'000	Group 2Q 2004 \$'000	+ / (-) %	1H 2005 \$'000	Group 1H 2004 \$'000	+ / (-) %
<b>Turnover</b>	<b>470,354</b>	<b>330,833</b>	<b>42.2</b>	<b>918,089</b>	<b>575,838</b>	<b>59.4</b>
Cost of sales	(428,352)	(304,047)	40.9	(845,447)	(518,734)	63.0
Gross profit	42,002	26,786	56.8	72,642	57,104	27.2
Other operating income, net	1,752	9,060	(80.7)	5,581	7,537	(26.0)
General and administrative expenses	(11,177)	(10,425)	7.2	(22,076)	(21,058)	4.8
<b>Operating profit</b>	<b>32,577</b>	<b>25,421</b>	<b>28.1</b>	<b>56,147</b>	<b>43,583</b>	<b>28.8</b>
Dividend and net interest income	3,324	2,965	12.1	6,151	5,878	4.6
Share of results of associated companies and joint venture	8,700	3,436	153.2	12,813	5,085	152.0
<b>Profit before tax</b>	<b>44,601</b>	<b>31,822</b>	<b>40.2</b>	<b>75,111</b>	<b>54,546</b>	<b>37.7</b>
Taxation	(9,085)	(4,292)	111.7	(15,684)	(5,623)	178.9
<b>Profit after taxation</b>	<b>35,516</b>	<b>27,530</b>	<b>29.0</b>	<b>59,427</b>	<b>48,923</b>	<b>21.5</b>
Attributable to:						
<b>Shareholders of the Company</b>	<b>34,585</b>	<b>26,959</b>	<b>28.3</b>	<b>58,398</b>	<b>48,023</b>	<b>21.6</b>
Minority Interests	931	571	63.0	1,029	900	14.3
	<b>35,516</b>	<b>27,530</b>	<b>29.0</b>	<b>59,427</b>	<b>48,923</b>	<b>21.5</b>
<b>Attributable to Shareholders of the Company excluding prior year tax under/over-provision</b>	<b>34,581</b>	<b>26,959</b>	<b>28.3</b>	<b>58,398</b>	<b>43,695</b>	<b>33.6</b>
<b>Earnings per share (cents)</b>						
Basic	2.40	1.90	26.3	4.08	3.38	20.7
Diluted	2.37	1.89	25.4	4.02	3.37	19.3

(a)(ii) items, which if significant must be included in the income statement.

	2Q 2005 \$'000	Group 2Q 2004 \$'000	+ / (-) %	1H 2005 \$'000	Group 1H 2004 \$'000	+ / (-) %
Investment income	799	409	95.4	830	414	100.5
Interest income	3,694	3,044	21.4	7,639	6,378	19.8
Interest on borrowings	(1,169)	(488)	139.5	(2,318)	(914)	153.6
Depreciation and amortisation	(8,523)	(8,912)	(4.4)	(16,719)	(18,057)	(7.4)
Write-back of provision/(provision) for doubtful debts, net and bad debts written off	327	21	1,457.1	311	171	81.9
Provision for stock obsolescence, net	(20)	(21)	(4.8)	(39)	(43)	(9.3)
Foreign exchange gain/(loss), net	3,118	3,009	3.6	3,772	(176)	n.m.
Profit after taxation as a percentage of Turnover	7.55%	8.32%	(9.3)	6.47%	8.50%	(23.9)
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	3.35%	2.88%	16.3	5.66%	5.13%	10.3

n.m. : not meaningful

**Notes:**

- (i) The Group tax charge in 1H 2005 did not include any net over/(under)-provision for tax in respect of prior years (1H 2004: write-back of over-provision for tax \$4,328,000).
- (ii) The Group profit on disposal of property, plant and equipment in 1H 2005 amounted to \$33,000. (1H 2004: \$3,479,000)
- (iii) There were no extraordinary and exceptional items during the period.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

<b>Balance Sheet</b>	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-2005</b>	<b>31-Dec-2004</b> (Restated)	<b>30-Jun-2005</b>	<b>31-Dec-2004</b> (Restated)
	\$'000	\$'000	\$'000	\$'000
<b>Non Current Assets</b>				
Fixed assets	497,226	460,020	173,758	176,449
Subsidiary companies	-	-	493,426	490,852
Associated companies and joint venture	121,187	67,487	73,842	26,387
Other long-term investments	84,757	23,666	80,418	19,105
Long-term trade debtors	72,871	83,249	49,477	56,000
Intangible assets	3,539	3,539	122	122
Deferred tax asset	1,470	1,470	-	-
<b>Total Non Current Assets</b>	<b>781,050</b>	<b>639,431</b>	<b>871,043</b>	<b>768,915</b>
<b>Current Assets</b>				
Stocks and work-in-progress	448,188	390,940	-	-
Trade debtors	148,566	267,237	43,453	70,798
Asset held for sale	53,192	53,192	-	-
Other debtors	72,727	39,081	80,501	53,073
Fixed deposits	540,850	361,164	10,968	70,893
Bank and cash balances	65,880	108,320	3,579	29,561
<b>Total Current Assets</b>	<b>1,329,403</b>	<b>1,219,934</b>	<b>138,501</b>	<b>224,325</b>
<b>Current Liabilities</b>				
Trade creditors	477,165	474,643	6,731	6,067
Other creditors and provisions	35,460	24,358	3,977	2,244
Excess progress billings over work-in-progress	296,735	136,414	-	-
Provision for taxation	21,774	16,277	673	343
<b>Total Current Liabilities</b>	<b>831,134</b>	<b>651,692</b>	<b>11,381</b>	<b>8,654</b>
<b>Net Current Assets</b>	<b>498,269</b>	<b>568,242</b>	<b>127,120</b>	<b>215,671</b>
<b>Total Assets less Current Liabilities</b>	<b>1,279,319</b>	<b>1,207,673</b>	<b>998,163</b>	<b>984,586</b>
<b>Non-Current Liabilities</b>				
Long term borrowings	149,682	149,645	149,682	149,645
Deferred taxation	48,823	47,980	28,137	28,137
Hire purchase creditors	99	333	-	-
Other provisions	6,973	7,005	2,895	2,895
<b>Total Non-Current Liabilities</b>	<b>205,577</b>	<b>204,963</b>	<b>180,714</b>	<b>180,677</b>
	<b>1,073,742</b>	<b>1,002,710</b>	<b>817,449</b>	<b>803,909</b>
<b>Capital &amp; Reserves</b>				
Share Capital	144,158	142,761	144,158	142,761
Reserves	887,958	826,139	673,291	661,148
	1,032,116	968,900	817,449	803,909
Minority interests	41,626	33,810	-	-
	<b>1,073,742</b>	<b>1,002,710</b>	<b>817,449</b>	<b>803,909</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 30-Jun-2005		As at 31-Dec-2004	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30-Jun-2005		As at 31-Dec-2004	
Secured	Unsecured	Secured	Unsecured
-	149,682,000	-	149,645,000

**Details of Collateral**

Not Applicable.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Cash Flow Statement for the period ended 30 June**

	<b>Group</b>			
	<b>2Q 2005</b>	<b>2Q 2004</b>	<b>1H 2005</b>	<b>1H 2004</b>
	\$'000	\$'000	\$'000	\$'000
<b>Cash flow from operating activities:</b>				
<b>Operating profit</b>	<b>32,577</b>	<b>25,421</b>	<b>56,147</b>	<b>43,583</b>
<b>Adjustments for:</b>				
Depreciation of fixed assets	8,504	8,912	16,682	18,057
Gain on sale of fixed assets	-	(3,404)	(33)	(3,479)
Fixed assets written off	5	-	6	-
Share-based payment expenses	302	137	604	273
Amortisation of borrowing costs	19	-	37	-
<b>Operating income before reinvestment in working capital</b>	<b>41,407</b>	<b>31,066</b>	<b>73,443</b>	<b>58,434</b>
Decrease/(increase) in debtors	6,023	(49,770)	102,142	42,636
(Increase)/decrease in stocks and work-in-progress	(63,521)	39,064	103,073	(147,844)
Increase in creditors	60,169	23,067	13,874	29,661
<b>Cash provided by/(used in) operations</b>	<b>44,078</b>	<b>43,427</b>	<b>292,532</b>	<b>(17,113)</b>
Investment and interest income received	4,202	3,854	7,659	7,226
Interest paid	(47)	(527)	(2,318)	(853)
Income taxes paid	(6,189)	(5,873)	(7,603)	(7,929)
<b>Net cash provided by/(used in) operating activities</b>	<b>42,044</b>	<b>40,881</b>	<b>290,270</b>	<b>(18,669)</b>
<b>Cash flow from investing activities:</b>				
Acquisition of subsidiary companies	-	-	-	(660)
Purchase of fixed assets	(27,259)	(13,141)	(53,855)	(20,535)
Purchase of associated companies	-	(1,309)	(47,456)	(1,309)
Purchase of other long term investments	-	-	-	(14,298)
Proceeds from sale of fixed assets	-	34,258	33	34,344
Proceeds from sale of a joint venture	-	7,308	-	7,308
Proceeds from partial redemption of investment in bond	-	360	-	360
Proceeds from sale of long term investment	-	-	105	-
Dividends from associated companies	169	3,348	346	4,089
<b>Net cash (used in)/provided by investing activities</b>	<b>(27,090)</b>	<b>30,824</b>	<b>(100,827)</b>	<b>9,299</b>
<b>Cash flow from financing activities:</b>				
Dividend paid by the Company	(69,157)	(39,814)	(69,157)	(39,814)
Dividend paid by subsidiary to minority shareholders	-	-	-	(401)
(Repayment of)/additional short term bank loan, net	-	(16,152)	-	54,438
Repayment of hire purchase creditors	(384)	(383)	(789)	(802)
Proceeds from issue of new shares:				
- by the Company	4,149	529	11,041	1,325
- by a subsidiary company to minority shareholder	226	4	6,708	6,852
<b>Net cash (used in)/provided by financing activities</b>	<b>(65,166)</b>	<b>(55,816)</b>	<b>(52,197)</b>	<b>21,598</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(50,212)</b>	<b>15,889</b>	<b>137,246</b>	<b>12,228</b>
Cash and cash equivalents at beginning of period	656,942	144,746	469,484	148,407
<b>Cash and cash equivalents at end of period</b>	<b>606,730</b>	<b>160,635</b>	<b>606,730</b>	<b>160,635</b>

The acquisition of subsidiary companies has been shown as a single item. The effect on the individual assets and liabilities is set out below.

	2Q 2005	Group 2Q 2004	1H 2005	1H 2004
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	-	4,976
Other long term quoted investment	-	-	-	1
Stocks and work-in-progress	-	-	-	7,450
Debtors	-	-	-	18,454
Bank and cash balances	-	-	-	456
Bank overdrafts, unsecured	-	-	-	(722)
Hire Purchase creditors	-	-	-	(704)
Creditors	-	-	-	(22,157)
Provision for taxation	-	-	-	(310)
Deferred tax	-	-	-	(102)
Net assets acquired	-	-	-	7,342
Minority interests	-	-	-	(3,304)
Amount taken up as associated company	-	-	-	(3,671)
Goodwill on acquisition	-	-	-	27
Purchase consideration paid	-	-	-	394

The acquisition of subsidiary companies, net of cash is represented by:

Cash paid	-	-	-	(394)
Less: Bank and cash balances acquired	-	-	-	456
Add: Bank overdrafts, unsecured acquired	-	-	-	(722)
Net cash outflow	-	-	-	(660)

Cash and cash equivalents included in the consolidated statement of cash flows comprise:

	Group	
	1H 2005	1H 2004
	\$'000	\$'000
Fixed deposit, bank and cash balances	606,730	216,427
Less : Bank overdraft	-	(1,413)
Less : Fixed deposit pledged with a bank for banking facilities	-	(54,379)
<b>Cash &amp; cash equivalent in consolidated statement for cash flow</b>	<b>606,730</b>	<b>160,635</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Changes in Equity for the period ended 30 June**

<b>GROUP</b>	Attributable to equity holders of the Company						Total \$'000	Minority Interest \$'000	Total Equity \$'000
	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Other Reserves \$'000	Revenue reserve \$'000			
<b>1Q 2005</b>									
At 1 January 2005									
- As previously reported	142,761	242,811	1,243	(4,417)	-	586,502	968,900	33,810	1,002,710
- Changes in accounting policies									
FRS 102	-	-	-	-	1,135	(1,135)	-	-	-
FRS 39	-	-	-	-	30,049	(963)	29,086	63	29,149
- As restated	142,761	242,811	1,243	(4,417)	31,184	584,404	997,986	33,873	1,031,859
Issue of new shares									
- under Share Option Plan	863	6,029	-	-	-	-	6,892	-	6,892
- to minority shareholder	-	-	-	-	-	-	-	6,482	6,482
Foreign currency translation	-	-	-	(1,606)	-	-	(1,606)	(212)	(1,818)
Net fair value changes	-	-	-	-	17,678	-	17,678	-	17,678
Cost of share-based payment	-	-	-	-	302	-	302	-	302
Profit for the period	-	-	-	-	-	23,813	23,813	98	23,911
<b>At 31 March 2005</b>	<b>143,624</b>	<b>248,840</b>	<b>1,243</b>	<b>(6,023)</b>	<b>49,164</b>	<b>608,217</b>	<b>1,045,065</b>	<b>40,241</b>	<b>1,085,306</b>
<b>2Q 2005</b>									
Issue of new shares									
- under Share Option Plan	534	3,615	-	-	-	-	4,149	-	4,149
- to minority shareholder	-	-	-	-	-	-	-	226	226
2004 final dividend paid	-	-	-	-	-	(69,157)	(69,157)	-	(69,157)
Foreign currency translation	-	-	-	3,582	-	-	3,582	227	3,809
Net fair value changes	-	-	-	-	13,590	-	13,590	-	13,590
Cost of share-based payment	-	-	-	-	302	-	302	1	303
Profit for the period	-	-	-	-	-	34,585	34,585	931	35,516
<b>At 30 June 2005</b>	<b>144,158</b>	<b>252,455</b>	<b>1,243</b>	<b>(2,441)</b>	<b>63,056</b>	<b>573,645</b>	<b>1,032,116</b>	<b>41,626</b>	<b>1,073,742</b>

**Statement of Changes in Equity for the period ended 30 June (cont'd)**

<b>GROUP</b>	Attributable to equity holders of the Company						Total \$'000	Minority Interest \$'000	Total Equity \$'000
	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Other Reserves \$'000	Revenue reserve \$'000			
<b>1Q 2004</b>									
At 1 January 2004									
- As previously reported	142,005	237,950	1,357	(2,566)	-	548,381	927,127	14,746	941,873
- Changes in accounting policies									
FRS 102	-	-	-	-	220	(220)	-	-	-
- As restated	142,005	237,950	1,357	(2,566)	220	548,161	927,127	14,746	941,873
Issue of new shares									
- under Share Option Plan	110	686	-	-	-	-	796	-	796
- to minority shareholder	-	-	-	-	-	-	-	6,848	6,848
Change in group structure	-	-	-	-	-	-	-	2,904	2,904
Write off by associated company	-	-	(114)	-	-	-	(114)	-	(114)
Foreign currency translation	-	-	-	(218)	-	-	(218)	-	(218)
Cost of share-based payment	-	-	-	-	136	-	136	-	136
Profit for the period	-	-	-	-	-	21,064	21,064	329	21,393
<b>At 31 March 2004</b>	<b>142,115</b>	<b>238,636</b>	<b>1,243</b>	<b>(2,784)</b>	<b>356</b>	<b>569,225</b>	<b>948,791</b>	<b>24,827</b>	<b>973,618</b>
<b>2Q 2004</b>									
Issue of new shares									
- under Share Option Plan	75	454	-	-	-	-	529	-	529
Foreign currency translation	-	-	-	368	-	-	368	-	368
2003 final dividend paid	-	-	-	-	-	(39,814)	(39,814)	-	(39,814)
Cost of share-based payment	-	-	-	-	136	-	136	1	137
Profit for the period	-	-	-	-	-	26,959	26,959	571	27,530
<b>At 30 June 2004</b>	<b>142,190</b>	<b>239,090</b>	<b>1,243</b>	<b>(2,416)</b>	<b>492</b>	<b>556,370</b>	<b>936,969</b>	<b>25,399</b>	<b>962,368</b>

**Statement of Changes in Equity for the period ended 30 June (cont'd)**

<b>COMPANY</b>	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Other Reserves \$'000	Revenue reserve \$'000	Total \$'000
<b>1Q 2005</b>						
At 1 January 2005						
- As previously reported	142,761	242,811	960	-	417,377	803,909
- Changes in accounting policies						
FRS 102	-	-	-	224	(224)	-
FRS 39	-	-	-	30,044	-	30,044
- As restated	142,761	242,811	960	30,268	417,153	833,953
Issue of new shares						
- under Share Option Plan	863	6,029	-	-	-	6,892
Net fair value changes	-	-	-	17,805	-	17,805
Cost of share-based payment	-	-	-	59	-	59
Profit for the period	-	-	-	-	5,982	5,982
<b>At 31 March 2005</b>	<b>143,624</b>	<b>248,840</b>	<b>960</b>	<b>48,132</b>	<b>423,135</b>	<b>864,691</b>
<b>2Q 2005</b>						
Issue of new shares						
- under Share Option Plan	534	3,615	-	-	-	4,149
2004 final dividend paid	-	-	-	-	(69,157)	(69,157)
Net fair value changes	-	-	-	13,464	-	13,464
Cost of share-based payment	-	-	-	117	-	117
Profit for the period	-	-	-	-	4,185	4,185
<b>At 30 June 2005</b>	<b>144,158</b>	<b>252,455</b>	<b>960</b>	<b>61,713</b>	<b>358,163</b>	<b>817,449</b>
<b>1Q 2004</b>						
At 1 January 2004						
- As previously reported	142,005	237,950	960	-	419,744	800,659
- Changes in accounting policies						
FRS 102	-	-	-	44	(44)	-
- As restated	142,005	237,950	960	44	419,700	800,659
Issue of new shares						
- under Share Option Plan	110	686	-	-	-	796
Cost of share-based payment	-	-	-	27	-	27
Profit for the period	-	-	-	-	2,756	2,756
<b>At 31 March 2004</b>	<b>142,115</b>	<b>238,636</b>	<b>960</b>	<b>71</b>	<b>422,456</b>	<b>804,238</b>
<b>2Q 2004</b>						
Issue of new shares						
- under Share Option Plan	75	454	-	-	-	529
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
Cost of share-based payment	-	-	-	28	-	28
Profit for the period	-	-	-	-	27,690	27,690
<b>At 30 June 2004</b>	<b>142,190</b>	<b>239,090</b>	<b>960</b>	<b>99</b>	<b>410,332</b>	<b>792,671</b>



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

During the financial year, the Company issued 13,971,590 ordinary shares of \$0.10 each upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 30 June 2005, there were 42,309,270 (30 June 2004: 47,117,750) unexercised options for un-issued ordinary shares of \$0.10 each under the Plan.

The details of the Plan (which was started in 1991 as the Jurong Shipyard Limited Executives' Share Option Scheme) were set out in the financial statements of that year.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by its auditors, Messrs Ernst & Young.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2004 except for the adoption of the following new Financial Report standards (FRS) that are mandatory for the financial years beginning on or after 1 January 2005:

FRS 39	Financial instruments: recognition and measurement
FRS 102	Share-based payment

The impact of the changes in accounting policies is as follows:

FRS 39

In accordance with the transitional provisions of FRS 39, the effect of recognition, derecognition and measurement of financial instruments, for periods prior to 1 January 2005, is not restated. Consequently, the comparative figures for 2004 have not been restated. On 1 January 2005, the following transitional adjustments were made:

	<u>Group Fair Value Reserves</u> \$'000	<u>Group Revenue Reserves</u> \$'000	<u>Group Total</u> \$'000	<u>Company Fair Value Reserves</u> \$'000	<u>Company Revenue Reserves</u> \$'000	<u>Company Total</u> \$'000
Fair valuation of:						
Long term investments	30,049	-	30,049	30,044	-	30,044
Derivatives	-	(963)	(963)	-	-	-
Total	<u>30,049</u>	<u>(963)</u>	<u>29,086</u>	<u>30,044</u>	<u>-</u>	<u>30,044</u>

The adoption of FRS 39 has resulted in an increase in equity of the Group and the Company as at 1 January 2005 of \$29.1 million and \$30.0 million respectively. These are after adjusting for the related deferred taxes. In accordance with the transitional adjustment rules, there is no restatement of the 1H 2004 profit and loss account of the Group and the Company.

**Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied (cont'd)**FRS 102

As a result of adopting FRS 102, the Group and the Company adjusted downwards the opening revenue reserves as at 1 January 2004 by \$220,000 and \$44,000 respectively.

Net profit for the Group and the Company for 1H 2004 were decreased by \$273,000 and \$55,000 respectively. The effect of FRS 102 on the Group's basic and diluted EPS for 1H 2004 is as follows:

Basic EPS : reduction of 0.02 cents  
Diluted EPS : reduction of 0.02 cents

FRS 103, revised FRS 36 and revised FRS 38

As announced in 3Q 2004, the Group had early adopted FRS 103 Business Combinations, revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets with effect from 1 January 2004. However, the 1Q 2004 and 2Q 2004 announcements had been prepared in accordance with FRS 22 Business Combination, which was withdrawn when FRS 103 was issued.

The 1H 2004 comparative figures in this announcement have been restated to account for the impact of adoption of FRS 103, revised FRS 36 and revised FRS 38. Net profit for 1H 2004 was increased by \$2,288,000 since goodwill amortisation charged to the income statement is no longer required.

Other revised FRSs

Apart from the above, the Group adopted FRS 105 Non-Current Assets held for Sale and Discontinued Operations and the various revisions in FRS, applicable from 1 January 2005. These do not have a financial impact on the Group.

**5. If there are any changes in the accounting policies and methods of computation, including any required including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change**

Please refer to paragraph 4.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	2Q 2005	2Q 2004	Group +/(-)%	1H 2005	1H 2004	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:						
(i) Based on the weighted average number of shares (cents)	2.40	1.90	26.3	4.08	3.38	20.7
Weighted average number of shares	1,438,560,439	1,421,500,580	1.2	1,432,557,125	1,420,644,499	0.8
(ii) On a fully diluted basis (cents)	2.37	1.89	25.4	4.02	3.37	19.3
Adjusted weighted average number of shares	1,460,243,439	1,427,676,580	2.3	1,454,240,125	1,426,820,499	1.9

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group			Company		
	Jun-2005	Dec-2004 (Restated)	+/(-) %	Jun-2005	Dec-2004 (Restated)	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	71.60	67.87	5.5	56.71	56.31	0.7

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on**

#### Review of Group Performance

##### 2Q 2005 versus 2Q 2004

Group Turnover	2Q 2005	2Q 2004	+/(-) %	+/(-) %
	S\$m	S\$m	S\$m	%
Ship Repair	135.1	124.5	10.6	8.5
Conversion	179.4	124.4	55.0	44.2
New Building	144.8	60.8	84.0	138.2
Other Activities	11.1	21.1	(10.0)	(47.4)
<b>2Q Group Turnover</b>	<b>470.4</b>	<b>330.8</b>	<b>139.6</b>	<b>42.2</b>

Group turnover for 2Q 2005 increased by 42.2% from \$330.8 million in 2Q 2004 to \$470.4 million with growth mainly from the new building and conversion segments.

##### Group Operating Profit and Pre-tax Profit

Group operating profit increased by 28.1% from \$25.4 million in 2Q 2004 to \$32.6 million in 2Q 2005. Group pre-tax profit increased by 40.2% from \$31.8 million in 2Q 2004 to \$44.6 million. The increase is mainly attributable to better operating profit as well as contribution from the newly acquired associated company.

##### Group Profit Attributable to Members of the Company

Group attributable profit increased by 28.3% from \$27.0 million in 2Q 2004 to \$34.6 million.

##### 1H 2005 versus 1H 2004

Group Turnover	1H 2005	1H 2004	+/(-) %	+/(-) %
	S\$m	S\$m	S\$m	%
Ship Repair	231.2	220.4	10.8	4.9
Conversion	402.5	229.4	173.1	75.5
New Building	244.1	85.8	158.3	184.5
Other Activities	40.3	40.2	0.1	0.2
<b>1H Group Turnover</b>	<b>918.1</b>	<b>575.8</b>	<b>342.3</b>	<b>59.4</b>

Group turnover for 1H 2005 increased by 59.4% from \$575.8 million in 1H 2004 to \$918.1 million. The increase is mainly attributable to the growth in both conversion and new building activities.

### **Group Operating Profit and Pre-tax Profit**

Group operating profit increased by 28.8% from \$43.6 million in 1H 2004 to \$56.1 million in 1H 2005. Group pre-tax profit increased by 37.7% from \$54.5 million in 1H 2004 to \$75.1 million. The increase is mainly attributable to better operating profit as well as contribution from the newly acquired associated company.

### **Group Profit Attributable to Members of the Company**

Group attributable profit increased by 21.6% from \$48.0 million in 1H 2004 to \$58.4 million.

Group tax charge in 1H 2005 is significantly higher than 1H 2004 mainly due to a \$4.3 million write-back of prior years' tax over-provision, arising from a 2% reduction in corporate income tax rate in 1H 2004. Excluding this tax write-back last year, Group attributable profit actually increased 33.6% from \$43.7 million in 1H 2004 to \$58.4 million.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There is no variance from the previous forecast.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Total contracts secured in 2005 to-date stand at a record high of \$3.2 billion with deliveries and completion till first half of 2009. Total outstanding order book, excluding ship repair, stands at \$5.0 billion.

Based on the scheduled completion of projects, the Group expects a higher operating profit in the current year. The Group's investment in Cosco Shipyard Group takes effect in 2005 and higher contribution is expected from the investment in China.

The market outlook for the ship repair sector is expected to be strong in the second half amid competitive environment. For offshore and ship conversion, market fundamentals for Floating Production Storage and Offloading (FPSO) vessels and Floating Storage and Offloading (FSO) vessels continue to be strong, driven mainly by high oil prices and increased production activities.

Rig building demand is also expected to be strong attributed mainly to ageing global rig fleet, high oil price, increase in exploration & production activities, deep drilling prospects in shallow waters and deepwater offshore production.

*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, 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.*

**11. Dividend****(a) Current Financial Period Reported On**

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

Name of Dividend	Interim
Dividend	Cash
Dividend Rate	2.50 cents per ordinary share less tax
Par Value of shares	\$0.10
Tax Rate	20.0%

**(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	Special
Dividend	Cash	Cash
Dividend Rate	0.75 cents per ordinary share less tax	0.75 cents per ordinary share less tax
Par Value of shares	\$0.10	\$0.10
Tax Rate	20.0%	20.0%

**(c) Date payable**

The interim dividend will be paid on 31 August 2005.

**(d) Books closure date**

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 18 August 2005 to 19 August 2005, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Registrar, Kon Choon Kooi Pte Ltd, 47 Hill Street #06-02, Chinese Chamber of Commerce & Industry Building, Singapore 179365, up to 5 p.m. on 17 August 2005 will be registered before entitlements to dividend are determined.

**12. If no dividend has been declared/(recommended), a statement to that effect**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Ship & rig repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment: 1H2005</b>					
<b>Turnover</b>					
Sales to external parties	880,644	-	37,445	-	918,089
Inter-segment sales	136,602	-	55,984	(192,586)	-
Consolidated sales	<u>1,017,246</u>	<u>-</u>	<u>93,429</u>	<u>(192,586)</u>	<u>918,089</u>
<b>Results</b>					
<b>Segment results</b>	<b>51,082</b>	<b>70</b>	<b>4,995</b>	<b>-</b>	<b>56,147</b>
Investment and interest income	8,258	163	48	-	8,469
Interest expenses	(2,318)	-	-	-	(2,318)
Share of results of associated companies & joint venture	12,348	456	9	-	12,813
Profit before taxation	69,370	689	5,052	-	75,111
Taxation	(14,879)	(13)	(792)	-	(15,684)
Profit after taxation	<u>54,491</u>	<u>676</u>	<u>4,260</u>	<u>-</u>	<u>59,427</u>
<b>Other information</b>					
Capital additions	53,655	-	200	-	53,855
Depreciation	16,014	77	591	-	16,682
Amortisation	37	-	-	-	37
<b>Other segment assets</b>	<b>1,263,819</b>	<b>685</b>	<b>40,751</b>	<b>-</b>	<b>1,305,255</b>
Interest bearing assets	662,786	13,079	6,558	-	682,423
Investments in associated companies & joint venture	109,346	9,736	2,105	-	121,187
Deferred tax assets	1,463	-	7	-	1,470
Tax recoverable	-	-	118	-	118
Total segment assets	<u>2,037,414</u>	<u>23,500</u>	<u>49,539</u>	<u>-</u>	<u>2,110,453</u>
<b>Other segment liabilities</b>	<b>780,322</b>	<b>219</b>	<b>21,444</b>	<b>-</b>	<b>801,985</b>
Interest bearing liabilities	164,129	-	-	-	164,129
Deferred taxation	47,212	93	1,518	-	48,823
Provision for taxation	19,821	93	1,860	-	21,774
Total segment liabilities	<u>1,011,484</u>	<u>405</u>	<u>24,822</u>	<u>-</u>	<u>1,036,711</u>

## Information by segment on Group operations (cont'd)

	Ship & rig repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment: 1H2004</b>					
<b>Turnover</b>					
Sales to external parties	551,582	7,949	16,307	-	575,838
Inter-segment sales	98,115	107	35,089	(133,311)	-
Consolidated sales	<u>649,697</u>	<u>8,056</u>	<u>51,396</u>	<u>(133,311)</u>	<u>575,838</u>
<b>Results</b>					
<b>Segment results</b>	<b>34,956</b>	<b>5,269</b>	<b>3,358</b>	<b>-</b>	<b>43,583</b>
Investment and interest income	6,608	178	6	-	6,792
Interest expenses	(914)	-	-	-	(914)
Share of results of associated companies & joint venture	<u>4,981</u>	<u>936</u>	<u>(832)</u>	<u>-</u>	<u>5,085</u>
Profit before taxation	45,631	6,383	2,532	-	54,546
Taxation	(5,365)	(17)	(241)	-	(5,623)
Profit after taxation	<u>40,266</u>	<u>6,366</u>	<u>2,291</u>	<u>-</u>	<u>48,923</u>
<b>Other information</b>					
Capital additions	20,123	-	412	-	20,535
Depreciation	16,231	1,259	567	-	18,057
<b>Other segment assets</b>	<b>1,117,239</b>	<b>26,745</b>	<b>24,135</b>	<b>-</b>	<b>1,168,119</b>
Interest bearing assets	409,151	10,517	1,956	-	421,624
Investments in associated companies & joint venture	50,381	2,105	3,772	-	56,258
Tax recoverable	1,411	-	118	-	1,529
Total segment assets	<u>1,578,182</u>	<u>39,367</u>	<u>29,981</u>	<u>-</u>	<u>1,647,530</u>
<b>Other segment liabilities</b>	<b>444,662</b>	<b>2,649</b>	<b>17,168</b>	<b>-</b>	<b>464,479</b>
Interest bearing liabilities	159,177	-	-	-	159,177
Deferred taxation	42,610	124	1,088	-	43,822
Provision for taxation	16,733	83	863	-	17,679
Total segment liabilities	<u>663,182</u>	<u>2,856</u>	<u>19,119</u>	<u>-</u>	<u>685,157</u>

Pricing of inter-segment sales and transfers are carried out on an arm's length basis.

**(a) By geographical area**

The Group operates principally in the Republic of Singapore.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 8.

**15. A breakdown of sales**

Not applicable.

**16. Interested Person Transactions**

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

	<b>1H 2005</b>	<b>1H 2004</b>
	\$'000	\$'000
<b>Transaction for the Sales of Goods and Services</b>		
Keppel Corporation Ltd and its associates	10,940	116
Neptune Orient Lines Ltd and its associates	1,300	400
SembCorp Industries Limited and its associates	2,968	210
PSA International Pte Ltd and its associates	1,264	-
<b>Transaction for the Purchase of Goods and</b>		
Keppel Corporation Ltd and its associates	-	1,511
Neptune Orient Lines Ltd and its associates	-	1,409
SembCorp Industries Limited and its associates	11,206	11,938
<b>Management and Support Services</b>		
SembCorp Industries Limited	100	450
Total Interested Person Transactions	<u>27,778</u>	<u>16,034</u>
<b>Treasury Transactions</b>		
<b>- Placement of Funds with/(from) (as at 30 June)</b>		
SembCorp Industries Limited and its associates	38,997	6,500
SembCorp Industries Limited and its associates	<u>(13,538)</u>	<u>-</u>
Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		
	<b>2Q 2005</b>	<b>2Q 2004</b>
	\$'000	\$'000
<b>Transaction for the Sales of Goods and Services</b>		
Neptune Orient Lines Ltd and its associated	1,700	-
Total Interested Person Transactions	<u>1,700</u>	<u>-</u>

**BY ORDER OF THE BOARD**

KWONG SOOK MAY  
Company Secretary  
1 August 2005