

**SEMBCORP MARINE LTD**

**Third 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**

	3Q 2006 \$'000	Group 3Q 2005 \$'000	+ / (-) %	9M 2006 \$'000	Group 9M 2005 \$'000	+ / (-) %
<b>Turnover</b>	<b>673,275</b>	<b>451,224</b>	<b>49.2</b>	<b>2,213,589</b>	<b>1,369,313</b>	<b>61.7</b>
Cost of sales	(623,760)	(405,757)	53.7	(2,035,960)	(1,251,204)	62.7
Gross profit	49,515	45,467	8.9	177,629	118,109	50.4
Other operating income	7,222	4,790	50.8	17,846	13,622	31.0
Other operating expenses	781	(2,472)	n.m	(10,753)	(5,723)	87.9
General and administrative expenses	(17,798)	(12,502)	42.4	(44,724)	(34,578)	29.3
<b>Operating profit</b>	<b>39,720</b>	<b>35,283</b>	<b>12.6</b>	<b>139,998</b>	<b>91,430</b>	<b>53.1</b>
Dividend and interest income	4,729	3,760	25.8	16,000	12,229	30.8
Interest expenses	(2,506)	(1,197)	109.4	(5,710)	(3,515)	62.4
Non-operating income	-	-	n.m	11,018	-	n.m
Non-operating expenses	(876)	-	n.m	(7,878)	-	n.m
Share of results of associated companies and joint venture	13,794	4,015	243.6	28,883	16,828	71.6
<b>Profit before tax</b>	<b>54,861</b>	<b>41,861</b>	<b>31.1</b>	<b>182,311</b>	<b>116,972</b>	<b>55.9</b>
Taxation	(8,402)	(8,026)	4.7	(32,454)	(23,710)	36.9
<b>Profit after taxation</b>	<b>46,459</b>	<b>33,835</b>	<b>37.3</b>	<b>149,857</b>	<b>93,262</b>	<b>60.7</b>
Attributable to:						
<b>Shareholders of the Company</b>	<b>44,713</b>	<b>32,735</b>	<b>36.6</b>	<b>143,089</b>	<b>91,133</b>	<b>57.0</b>
Minority Interests	1,746	1,100	58.7	6,768	2,129	217.9
	<b>46,459</b>	<b>33,835</b>	<b>37.3</b>	<b>149,857</b>	<b>93,262</b>	<b>60.7</b>
<b>Attributable to Shareholders of the Company excluding non-operating items</b>	<b>45,589</b>	<b>32,735</b>	<b>39.3</b>	<b>142,153</b>	<b>91,133</b>	<b>56.0</b>
<b>Earnings per share (cents)</b>						
Basic	3.07	2.27	35.2	9.85	6.35	55.1
Diluted	3.01	2.21	36.2	9.65	6.19	55.9

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

	3Q 2006 \$'000	Group 3Q 2005 \$'000	+ / (-) %	9M 2006 \$'000	Group 9M 2005 \$'000	+ / (-) %
Investment income	-	75	n.m	1,408	905	55.6
Interest income	4,729	3,685	28.3	14,592	11,324	28.9
Interest expenses	(2,506)	(1,197)	109.4	(5,710)	(3,515)	62.4
Depreciation and amortisation	(12,866)	(9,246)	39.2	(34,300)	(25,965)	32.1
(Allowance)/write-back for doubtful debts, net and bad debts written off	(395)	933	n.m	(514)	1,244	n.m
Write-back/(allowance) for stock obsolescence, net and stock written off	268	(44)	n.m	(110)	(83)	32.5
Foreign exchange gain/(loss), net	1,030	(1,510)	n.m	(10,336)	2,262	n.m

	3Q 2006	Group 3Q 2005	+ / (-)	9M 2006	Group 9M 2005	+ / (-)
Profit after taxation as a percentage of Turnover	6.90%	7.50%	(8.0)	6.77%	6.81%	(0.6)
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	3.76%	3.13%	20.1	12.05%	8.71%	38.3

n.m. : not meaningful

#### Notes:

	3Q 2006 \$'000	Group 3Q 2005 \$'000	9M 2006 \$'000	Group 9M 2005 \$'000
(i) (Under)/over-provision of tax in respect of prior years, net	<u>(250)</u>	<u>-</u>	<u>14</u>	<u>(4)</u>
(ii) Gain on disposal of fixed assets, net	<u>212</u>	<u>1,559</u>	<u>136</u>	<u>1,592</u>
(iii) Non-operating income: Gain on disposal of subsidiary company	<u>-</u>	<u>-</u>	<u>11,018</u>	<u>-</u>
(iv) Non-operating expenses in respect of asset previously held for sale:				
- Impairment in value	-	-	(6,127)	-
- Depreciation	(876)	-	(1,751)	-
	<u>(876)</u>	<u>-</u>	<u>(7,878)</u>	<u>-</u>

**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**

Balance Sheet	Group		Company	
	30-Sep-2006 \$'000	31-Dec-2005 \$'000	30-Sep-2006 \$'000	31-Dec-2005 \$'000
<b>Non Current Assets</b>				
Fixed assets	658,349	579,584	173,924	177,679
Subsidiary companies	-	-	668,869	490,852
Associated companies and joint venture	151,770	123,645	73,940	66,259
Other long-term investments	301,868	77,931	118,033	77,438
Long-term trade debtors	41,452	47,390	38,133	41,602
Intangible assets	13,344	3,601	122	122
Deferred tax asset	872	872	-	-
<b>Total Non Current Assets</b>	<b>1,167,655</b>	<b>833,023</b>	<b>1,073,021</b>	<b>853,952</b>
<b>Current Assets</b>				
Stocks and work-in-progress	1,269,410	632,990	-	-
Trade debtors	417,184	239,199	17,458	44,278
Asset held for sale	-	52,230	-	-
Other debtors	93,493	37,238	36,001	101,033
Fixed deposits	242,649	457,468	2,530	51,746
Bank and cash balances	151,344	73,989	5,439	10,381
<b>Total Current Assets</b>	<b>2,174,080</b>	<b>1,493,114</b>	<b>61,428</b>	<b>207,438</b>
<b>Current Liabilities</b>				
Trade creditors	985,354	558,749	11,240	11,248
Other creditors and provisions	48,134	22,991	142,812	3,226
Excess progress billings over work-in-progress	550,438	375,299	-	-
Borrowings	168,267	-	-	-
Provision for taxation	31,153	25,832	817	801
<b>Total Current Liabilities</b>	<b>1,783,346</b>	<b>982,871</b>	<b>154,869</b>	<b>15,275</b>
<b>Net Current Assets/(Liabilities)</b>	<b>390,734</b>	<b>510,243</b>	<b>(93,441)</b>	<b>192,163</b>
<b>Total Assets less Current Liabilities</b>	<b>1,558,389</b>	<b>1,343,266</b>	<b>979,580</b>	<b>1,046,115</b>
<b>Non-Current Liabilities</b>				
Long term borrowings	255,526	149,720	149,776	149,720
Deferred taxation	76,731	69,567	49,992	41,872
Hire purchase creditors	118	213	-	-
Other provisions	8,084	8,069	2,895	2,895
<b>Total Non-Current Liabilities</b>	<b>340,459</b>	<b>227,569</b>	<b>202,663</b>	<b>194,487</b>
	<b>1,217,930</b>	<b>1,115,697</b>	<b>776,917</b>	<b>851,628</b>
<b>Capital &amp; Reserves</b>				
Share Capital*	415,620	145,036	415,620	145,036
Reserves	772,280	920,509	361,297	706,592
	<b>1,187,900</b>	<b>1,065,545</b>	<b>776,917</b>	<b>851,628</b>
Minority interests	30,030	50,152	-	-
	<b>1,217,930</b>	<b>1,115,697</b>	<b>776,917</b>	<b>851,628</b>

\* Pursuant to the Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. The credit in the share premium account has been transferred to the share capital account as at that date.

**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-Sep-2006		As at 31-Dec-2005	
Secured	Unsecured	Secured	Unsecured
12,000,000	156,267,000	-	-

**Amount repayable after one year**

As at 30-Sep-2006		As at 31-Dec-2005	
Secured	Unsecured	Secured	Unsecured
105,750,000	149,776,000	-	149,720,000

**Details of Collateral**

Borrowing amounting to \$117,750,000 is secured on corporate guarantee from a subsidiary company.

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

	Group		Group	
	3Q 2006	3Q 2005	9M 2006	9M 2005
	\$'000	\$'000	\$'000	\$'000
<b>Cash flow from operating activities:</b>				
<b>Operating profit</b>	<b>39,720</b>	<b>35,283</b>	<b>139,998</b>	<b>91,430</b>
Adjustments for:				
Depreciation of fixed assets	11,965	9,227	32,438	25,909
Profit on disposal of fixed assets	(212)	(1,559)	(136)	(1,592)
Fixed assets written off	-	1	370	7
Share-based payment expenses	1,063	910	2,897	1,514
Negative goodwill	(677)	-	(677)	-
Amortisation	25	19	111	56
<b>Operating income before reinvestment in working capital</b>	<b>51,884</b>	<b>43,881</b>	<b>175,001</b>	<b>117,324</b>
(Increase)/decrease in debtors	(118,256)	(53,069)	(67,883)	49,073
Decrease/(increase) in stocks and work-in-progress	28,052	(62,802)	(360,833)	40,271
(Decrease)/increase in creditors	(124,235)	73,246	56,126	87,120
<b>Cash (used in)/ provided by operations</b>	<b>(162,555)</b>	<b>1,256</b>	<b>(197,589)</b>	<b>293,788</b>
Investment and interest income received	4,743	3,739	16,000	11,398
Interest paid	(2,909)	(2,332)	(6,114)	(4,650)
Income taxes paid	(13,692)	(6,798)	(29,456)	(14,401)
<b>Net cash (used in)/provided by operating activities</b>	<b>(174,413)</b>	<b>(4,135)</b>	<b>(217,159)</b>	<b>286,135</b>
<b>Cash flow from investing activities:</b>				
Proceeds from disposal of a subsidiary company	-	-	151,926	-
Acquisition of subsidiary companies	(26,272)	-	(26,272)	-
Purchase of fixed assets	(31,165)	(44,794)	(88,203)	(98,649)
Capital refund from an associated company	345	-	345	-
Capital contribution to associated companies	(8,731)	-	(8,731)	-
Purchase of associated companies	-	-	-	(47,456)
Purchase of long term investment	(120,336)	-	(120,414)	-
Proceeds from sale of fixed assets	176	1,947	258	1,980
Proceeds from sale of long term investment	-	-	-	105
Dividends from associated companies	2,054	999	2,054	1,345
<b>Net cash used in investing activities</b>	<b>(183,929)</b>	<b>(41,848)</b>	<b>(89,037)</b>	<b>(142,675)</b>
<b>Cash flow from financing activities:</b>				
Dividend paid				
- by the Company	(40,867)	(28,880)	(122,362)	(98,037)
- by subsidiary company to minority shareholder	(223)	-	(223)	-
Repayment of hire purchase creditors	(6)	(262)	(159)	(1,051)
Repayment of bank loans	(300)	-	(44,479)	-
Proceeds from bank loans	273,877	9,787	318,356	9,787
Proceeds from issue of new shares:				
- by the Company	6,222	5,208	11,044	16,249
- by a subsidiary company to minority shareholder	-	11	6,415	6,719
<b>Net cash provided by/(used in) financing activities</b>	<b>238,703</b>	<b>(14,136)</b>	<b>168,592</b>	<b>(66,333)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(119,639)</b>	<b>(60,119)</b>	<b>(137,604)</b>	<b>77,127</b>
Cash and cash equivalents at beginning of period	513,492	606,730	531,457	469,484
<b>Cash and cash equivalents at end of period</b>	<b>393,853</b>	<b>546,611</b>	<b>393,853</b>	<b>546,611</b>

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

	<b>Group</b>			
	<b>3Q 2006</b>	<b>3Q 2005</b>	<b>9M 2006</b>	<b>9M 2005</b>
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	(175,657)	-
Debtors	-	-	(28)	-
Bank and cash balances	-	-	(1,076)	-
Due to shareholders	-	-	3,196	-
Creditors	-	-	29	-
Net assets disposed	-	-	(173,536)	-
Minority interests	-	-	31,552	-
Gain on disposal	-	-	(11,018)	-
Disposal consideration received	-	-	(153,002)	-

The disposal of subsidiary company, net of cash is represented by:

Cash received	-	-	153,002	-
Less: Bank and cash balances disposed	-	-	(1,076)	-
Net cash inflow	-	-	151,926	-

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

	<b>Group</b>			
	<b>3Q 2006</b>	<b>3Q 2005</b>	<b>9M 2006</b>	<b>9M 2005</b>
	\$'000	\$'000	\$'000	\$'000
Fixed assets	164,440	-	164,440	-
Stocks and work-in-progress	100,448	-	100,448	-
Debtors	158,524	-	158,524	-
Bank and cash balances	42,138	-	42,138	-
Creditors	(404,860)	-	(404,860)	-
Net assets acquired	60,690	-	60,690	-
Minority interests	(1,222)	-	(1,222)	-
Amount taken up as associated company	(859)	-	(859)	-
Goodwill on acquisition	*9,801	-	*9,801	-
Purchase consideration	68,410	-	68,410	-

\* Provisionally determined, pending final valuation report from the independent valuer.

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

Cash paid	(68,410)	-	(68,410)	-
Less: Bank and cash balances acquired	42,138	-	42,138	-
Net cash outflow	(26,272)	-	(26,272)	-

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

	<b>30-Sep-2006</b>	<b>30-Sep-2005</b>
	\$'000	\$'000
Fixed deposit, bank and cash balances	393,993	546,611
Bank overdraft	(140)	-
	<u>393,853</u>	<u>546,611</u>

**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 September**

<b>GROUP</b>	Attributable to equity holders of the Company								Total Equity \$'000
	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Minority Interest \$'000	
<b>1H 2006</b>									
At 1 January 2006	145,036	259,540	6,770	(1,209)	53,170	602,238	1,065,545	50,152	1,115,697
Transfer to share capital	259,540	(259,540)	-	-	-	-	-	-	-
Issue of new shares									
- under Share Option Plan	4,822	-	-	-	-	-	4,822	-	4,822
- to minority shareholders	-	-	-	-	-	-	-	6,415	6,415
Disposal of a subsidiary company	-	-	-	-	-	-	-	(31,552)	(31,552)
2005 final dividend paid	-	-	-	-	-	(81,495)	(81,495)	-	(81,495)
Foreign currency translation	-	-	-	(6,969)	-	-	(6,969)	(2,029)	(8,998)
Net fair value changes*	-	-	-	-	10,063	-	10,063	-	10,063
Cost of share-based payment	-	-	-	-	1,814	-	1,814	20	1,834
Profit for the period	-	-	-	-	-	98,376	98,376	5,022	103,398
<b>At 30 June 2006</b>	<b>409,398</b>	<b>-</b>	<b>6,770</b>	<b>(8,178)</b>	<b>65,047</b>	<b>619,119</b>	<b>1,092,156</b>	<b>28,028</b>	<b>1,120,184</b>
<b>3Q 2006</b>									
Issue of new shares									
- under Share Option Plan	6,222	-	-	-	-	-	6,222	-	6,222
Acquisition of a subsidiary company	-	-	-	-	-	-	-	1,222	1,222
Additional equity interest in a subsidiary company	-	-	-	-	-	-	-	(677)	(677)
2006 interim dividend paid	-	-	-	-	-	(40,867)	(40,867)	-	(40,867)
Dividend paid to minority shareholder	-	-	-	-	-	-	-	(223)	(223)
Foreign currency translation	-	-	-	(718)	-	-	(718)	(75)	(793)
Net fair value changes*	-	-	-	-	85,340	-	85,340	-	85,340
Cost of share-based payment	-	-	-	-	1,054	-	1,054	9	1,063
Profit for the period	-	-	-	-	-	44,713	44,713	1,746	46,459
<b>At 30 September 2006</b>	<b>415,620</b>	<b>-</b>	<b>6,770</b>	<b>(8,896)</b>	<b>151,441</b>	<b>622,965</b>	<b>1,187,900</b>	<b>30,030</b>	<b>1,217,930</b>

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

<b><u>GROUP</u></b>	Attributable to equity holders of the Company							Total \$'000	Minority Interest \$'000	Total Equity \$'000
	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000				
<b>1H 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 policy										
FRS 102	-	-	-	-	1,135	(1,135)	-	-	-	
FRS 39*	-	-	-	-	24,040	(963)	23,077	63	23,140	
- As restated	142,761	242,811	1,243	(4,417)	25,175	584,404	991,977	33,873	1,025,850	
Issue of new shares										
- under Share Option Plan	1,397	9,644	-	-	-	-	11,041	-	11,041	
- to minority shareholder	-	-	-	-	-	-	-	6,708	6,708	
2004 final dividend paid	-	-	-	-	-	(69,157)	(69,157)	-	(69,157)	
Foreign currency translation	-	-	-	1,976	-	-	1,976	15	1,991	
Net fair value changes*	-	-	-	-	25,014	-	25,014	-	25,014	
Cost of share-based payment	-	-	-	-	604	-	604	1	605	
Profit for the period	-	-	-	-	-	58,398	58,398	1,029	59,427	
<b>At 30 June 2005</b>	<b>144,158</b>	<b>252,455</b>	<b>1,243</b>	<b>(2,441)</b>	<b>50,793</b>	<b>573,645</b>	<b>1,019,853</b>	<b>41,626</b>	<b>1,061,479</b>	
<b>3Q 2005</b>										
Issue of new shares										
- under Share Option Plan	546	4,662	-	-	-	-	5,208	-	5,208	
2005 final dividend paid	-	-	-	-	-	(28,880)	(28,880)	-	(28,880)	
Foreign currency translation	-	-	-	(2,342)	-	-	(2,342)	(1)	(2,343)	
Net fair value changes*	-	-	-	-	19,060	-	19,060	-	19,060	
Cost of share-based payment	-	-	-	-	910	-	910	12	922	
Profit for the period	-	-	-	-	-	32,735	32,735	1,100	33,835	
<b>At 30 September 2005</b>	<b>144,704</b>	<b>257,117</b>	<b>1,243</b>	<b>(4,783)</b>	<b>70,763</b>	<b>577,500</b>	<b>1,046,544</b>	<b>42,737</b>	<b>1,089,281</b>	

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

<b><u>COMPANY</u></b>	Share Capital \$'000	Share premium \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1H 2006</b>						
At 1 January 2006	145,036	259,540	960	50,196	395,896	851,628
Transfer to share capital	259,540	(259,540)	-	-	-	-
Issue of new shares - under Share Option Plan	4,822	-	-	-	-	4,822
2005 final dividend paid	-	-	-	-	(81,495)	(81,495)
Net fair value changes*	-	-	-	10,067	-	10,067
Cost of share-based payment	-	-	-	319	-	319
Profit for the period	-	-	-	-	1,292	1,292
<b>At 30 June 2006</b>	<b>409,398</b>	<b>-</b>	<b>960</b>	<b>60,582</b>	<b>315,693</b>	<b>786,633</b>
<b>3Q 2006</b>						
Issue of new shares - under Share Option Plan	6,222	-	-	-	-	6,222
2006 interim dividend paid	-	-	-	-	(40,867)	(40,867)
Net fair value changes*	-	-	-	22,408	-	22,408
Cost of share-based payment	-	-	-	159	-	159
Profit for the period	-	-	-	-	2,362	2,362
<b>At 30 September 2006</b>	<b>415,620</b>	<b>-</b>	<b>960</b>	<b>83,149</b>	<b>277,188</b>	<b>776,917</b>



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

	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1H 2005</b>						
At 1 January 2005						
- As previously reported	142,761	242,811	960	-	417,377	803,909
- Changes in accounting policy						
FRS 102	-	-	-	224	(224)	-
FRS 39*	-	-	-	24,035	-	24,035
- As restated	142,761	242,811	960	24,259	417,153	827,944
Issue of new shares						
- under Share Option Plan	1,397	9,644	-	-	-	11,041
2004 final dividend paid	-	-	-	-	(69,157)	(69,157)
Net fair value changes*	-	-	-	25,015	-	25,015
Cost of share-based payment	-	-	-	176	-	176
Profit for the period	-	-	-	-	10,167	10,167
<b>At 30 June 2005</b>	<b>144,158</b>	<b>252,455</b>	<b>960</b>	<b>49,450</b>	<b>358,163</b>	<b>805,186</b>
<b>3Q 2005</b>						
Issue of new shares						
- under Share Option Plan	546	4,662	-	-	-	5,208
2005 interim dividend paid	-	-	-	-	(28,880)	(28,880)
Net fair value changes*	-	-	-	18,918	-	18,918
Cost of share-based payment	-	-	-	274	-	274
Profit for the period	-	-	-	-	1,123	1,123
<b>At 30 September 2005</b>	<b>144,704</b>	<b>257,117</b>	<b>960</b>	<b>68,642</b>	<b>330,406</b>	<b>801,829</b>

\* After adjustments for deferred taxation.

**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**

Pursuant to the Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. The credit in the share premium account has been transferred to the share capital account as at that date.

During the financial period ended 30 September 2006, the Company issued 10,578,500 ordinary shares upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 30 September 2006, there were 36,411,850 (31 December 2005: 48,412,175) unexercised options for un-issued ordinary shares 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 2005.

**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**

Not applicable.

**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**

	3Q 2006	Group 3Q 2005	+/(-)%	9M 2006	Group 9M 2005	+/(-)%
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)	3.07	2.27	35.2	9.85	6.35	55.1
Weighted average number of shares	1,456,626,132	1,422,130,200	2.4	1,453,119,302	1,434,837,244	1.3
(ii) On a fully diluted basis (cents)	3.01	2.21	36.2	9.65	6.19	55.9
Adjusted weighted average number of shares	1,485,858,132	1,479,636,220	0.4	1,482,351,302	1,471,968,244	0.7

**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**

	Sep-2006	Group Dec-2005	+/(-) %	Company Sep-2006	Company Dec-2005	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	81.31	73.47	10.7	53.18	58.72	(9.4)

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

#### 3Q 2006 versus 3Q 2005

	3Q 2006	3Q 2005	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	159.6	161.7	(2.1)	(1.3)
Conversion and Offshore	186.4	117.6	68.8	58.5
Rig Building	268.7	55.7	213.0	382.4
Shipbuilding	43.2	46.9	(3.7)	(7.9)
Other Activities	15.4	69.3	(53.9)	(77.8)
<b>Group Turnover</b>	<b>673.3</b>	<b>451.2</b>	<b>222.1</b>	<b>49.2</b>

Group turnover for 3Q 2006 increased by 49.2% from \$451.2 million in 3Q 2005 to \$673.3 million with growth mainly from the rig building, conversion and offshore businesses.

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

Group operating profits increased by 12.6% from \$35.3 million in 3Q 2005 to \$39.7 million in 3Q 2006. Group pre-tax profits increased by 31.1% from \$41.9 million in 3Q 2005 to \$54.9 million. The increase is mainly attributable to higher operating margin from rig building and ship repair businesses as well as better contribution from associated companies.

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

Group attributable profits increased by 36.6% from \$32.7 million in 3Q 2005 to \$44.7 million. Excluding the non-operating expense of \$0.9 million, Group attributable profits increased by 39.3% to \$45.6 million.

#### 9M 2006 versus 9M 2005

	9M 2006	9M 2005	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	417.2	392.9	24.3	6.2
Conversion and Offshore	528.8	520.1	8.7	1.7
Rig Building	1,022.0	200.8	821.2	409.0
Shipbuilding	160.2	145.9	14.3	9.8
Other Activities	85.4	109.6	(24.2)	(22.1)
<b>Group Turnover</b>	<b>2,213.6</b>	<b>1,369.3</b>	<b>844.3</b>	<b>61.7</b>

Group turnover for 9M 2006 increased by 61.7% from \$1,369.3 million in 9M 2005 to \$2,213.6 million with growth mainly attributable to rig building, ship repair and shipbuilding businesses.

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

Group operating profits increased by 53.1% from \$91.4 million in 9M 2005 to \$140.0 million in 9M 2006. Group pre-tax profits increased by 55.9% from \$117.0 million in 9M 2005 to \$182.3 million. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses, gain on disposal of a subsidiary company as well as better contribution from associated companies.

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

Group attributable profits increased by 57.0% from \$91.1 million in 9M 2005 to \$143.1 million. Excluding the non-operating items of \$0.9 million, Group attributable profits increased by 56.0% to \$142.2 million.

## **Review of Balance Sheet**

### **Fixed assets**

Group 'Fixed assets' increased significantly mainly due to the acquisition of subsidiary companies offset by the disposal of a subsidiary company.

### **Other long-term investments**

Group 'Other long-term investments' increased significantly mainly due to the acquisition of quoted equity shares and mark-to-market adjustments.

### **Stocks and work-in progress and Trade creditors**

Group 'Stocks and work-in-progress' and 'Trade creditors' balances increased significantly mainly due to increase in rig building and conversion projects.

### **Trade debtors**

Group 'Trade debtors' balances increased mainly due to higher sales.

### **Other debtors**

Group 'Other debtors' balances increased mainly due to consolidation of SMOE Pte Ltd subsequent to the Group's acquisition in Aug 2006.

### **Asset held for sale**

Group 'Asset held for sale' as at 31 December 2005 of \$52.2 million relates to a vessel which was acquired in June 2004 when a subsidiary company exercised its rights as mortgagee to take possession of the asset when the owners defaulted on their payment under financing terms granted in respect of the vessel's repair.

This amount has been reclassified as fixed asset during the first quarter as the offer to buy the vessel has not materialised. An impairment in value of \$6.1 million has been recorded as a non-operating expense in the profit and loss account during the year, based on an independent external valuation. The Group is actively pursuing various alternatives of either selling or chartering out this vessel soon.

## **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**

The Group's net order book as at 30 September 2006 remains strong at \$6.0 billion with completion and deliveries till 2009. New orders secured to-date stand at \$2.39 billion.

The Group expects FY 2006 to be a stronger year than FY 2005 based on the scheduled completion of projects.

Demand for ship repair remains strong especially in the specialised market of LNG/LPG gas tankers and container vessels.

Prospects for sustained exploration and production activities remain robust despite the recent dip in oil prices which at these levels still strongly underpin the high level of activities. Demand for Floating Production Storage and Offloading (FPSO) vessels, Floating Storage and Offloading (FSO) vessels and Fixed Production Platforms continue to strengthen.

Market fundamentals for rig building remain strong attributable to high worldwide utilisation levels, unprecedented high charter rates as well as an aging rig fleet worldwide.

Overall, the market outlook for all sectors in the marine and offshore industry remains strong.

*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? No.

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

Any dividend declared for the corresponding period of the immediately preceding financial year?  
No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**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**

	<b>Ship &amp; rig repair, building, conversion and offshore \$'000</b>	<b>Ship chartering \$'000</b>	<b>Others \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>(a) By business segment: 9M2006</b>					
<b>Turnover</b>					
Sales to external parties	2,153,914	-	59,675	-	2,213,589
Inter-segment sales	114	-	91,910	(92,024)	-
Consolidated sales	<u>2,154,028</u>	<u>-</u>	<u>151,585</u>	<u>(92,024)</u>	<u>2,213,589</u>
<b>Results</b>					
<b>Segment results</b>	<b>133,526</b>	<b>(236)</b>	<b>6,708</b>	<b>-</b>	<b>139,998</b>
Dividend and interest income	15,506	160	334	-	16,000
Interest expenses	(5,710)	-	-	-	(5,710)
Non-operating income	11,018	-	-	-	11,018
Non-operating expenses	(7,878)	-	-	-	(7,878)
Share of results of associated companies & joint venture	26,042	2,107	734	-	28,883
Profit before taxation	172,504	2,031	7,776	-	182,311
Taxation	(31,139)	(13)	(1,302)	-	(32,454)
Profit after taxation	<u>141,365</u>	<u>2,018</u>	<u>6,474</u>	<u>-</u>	<u>149,857</u>
<b>Other information</b>					
Capital expenditure	241,771	-	1,849	-	243,620
Depreciation	33,221	116	852	-	34,189
Amortisation	111	-	-	-	111
<b>Other segment assets</b>	<b>2,752,843</b>	<b>629</b>	<b>32,530</b>	<b>-</b>	<b>2,786,002</b>
Interest bearing assets	386,178	4,610	9,862	-	400,650
Investments in associated companies & joint venture	128,555	21,091	2,124	-	151,770
Deferred tax assets	865	-	7	-	872
Tax recoverable	1,727	218	496	-	2,441
Total segment assets	<u>3,270,168</u>	<u>26,548</u>	<u>45,019</u>	<u>-</u>	<u>3,341,735</u>
<b>Other segment liabilities</b>	<b>1,578,340</b>	<b>11</b>	<b>13,514</b>	<b>-</b>	<b>1,591,865</b>
Interest bearing liabilities	424,056	-	-	-	424,056
Deferred taxation	75,399	59	1,273	-	76,731
Provision for taxation	29,869	13	1,271	-	31,153
Total segment liabilities	<u>2,107,664</u>	<u>83</u>	<u>16,058</u>	<u>-</u>	<u>2,123,805</u>

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

	<b>Ship &amp; rig repair, building, conversion and offshore \$'000</b>	<b>Ship chartering \$'000</b>	<b>Others \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>(a) By business segment: 9M2005</b>					
<b>Turnover</b>					
Sales to external parties	1,277,749	-	91,564	-	1,369,313
Inter-segment sales	106	-	159,376	(159,482)	-
Consolidated sales	<u>1,277,855</u>	<u>-</u>	<u>250,940</u>	<u>(159,482)</u>	<u>1,369,313</u>
<b>Results</b>					
<b>Segment results</b>	<b>85,720</b>	<b>30</b>	<b>5,680</b>	<b>-</b>	<b>91,430</b>
Dividend and interest income	11,880	254	95	-	12,229
Interest expenses	(3,515)	-	-	-	(3,515)
Share of results of associated companies & joint venture	15,911	721	196	-	16,828
Profit before taxation	109,996	1,005	5,971	-	116,972
Taxation	(22,901)	(36)	(773)	-	(23,710)
Profit after taxation	<u>87,095</u>	<u>969</u>	<u>5,198</u>	<u>-</u>	<u>93,262</u>
<b>Other information</b>					
Capital expenditure	143,054	-	3,051	-	146,105
Depreciation	24,906	116	887	-	25,909
Amortisation	56	-	-	-	56
<b>Other segment assets</b>	<b>1,521,204</b>	<b>659</b>	<b>40,421</b>	<b>-</b>	<b>1,562,284</b>
Interest bearing assets	566,871	13,124	12,985	-	592,980
Investments in associated companies & joint venture	111,878	9,797	2,287	-	123,962
Deferred tax asset	1,463	-	7	-	1,470
Tax recoverable	-	-	118	-	118
Total segment assets	<u>2,201,416</u>	<u>23,580</u>	<u>55,818</u>	<u>-</u>	<u>2,280,814</u>
<b>Other segment liabilities</b>	<b>920,190</b>	<b>11</b>	<b>23,072</b>	<b>-</b>	<b>943,273</b>
Interest bearing liabilities	160,135	-	-	-	160,135
Deferred taxation	64,087	93	1,518	-	65,698
Provision for taxation	21,259	90	1,078	-	22,427
Total segment liabilities	<u>1,165,671</u>	<u>194</u>	<u>25,668</u>	<u>-</u>	<u>1,191,533</u>

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

**(b) By geographical area**

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 are based on the geographical location of the assets.

	<b>Singapore</b> \$'000	<b>Rest of Asia</b> \$'000	<b>Europe</b> \$'000	<b>Others</b> \$'000	<b>Eliminations</b> \$'000	<b>Total</b> \$'000
<b>9M 2006</b>						
Revenue from external customers	390,210	419,281	1,107,421	296,677	-	2,213,589
Total segment assets	3,121,422	192,060	-	28,253	-	3,341,735
Capital expenditure	242,931	163	-	526	-	243,620
<b>9M 2005</b>						
Revenue from external customers	146,033	246,578	771,713	204,989	-	1,369,313
Total segment assets	2,122,617	142,224	-	15,973	-	2,280,814
Capital expenditure	98,351	47,754	-	-	-	146,105

**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)

	9M 2006 \$'000	9M 2005 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
Keppel Corporation Ltd and its associates	1,191	27,052
Neptune Orient Lines Ltd and its associates	4,308	1,320
SembCorp Industries Limited and its associates	1,123	2,752
PSA International Pte Ltd and its associates	(406)	2,162
<b>Transaction for the Purchase of Goods and Services</b>		
Keppel Corporation Ltd and its associates	2,747	-
SembCorp Industries Limited and its associates	21,645	17,741
<b>Management and Support Services</b>		
SembCorp Industries Limited	188	150
<b>Total Interested Person Transactions</b>	<b>30,796</b>	<b>51,177</b>
<b>Treasury Transactions</b>		
<b>Placement of Funds with/(from) - as at 30 September</b>		
SembCorp Industries Limited and its associates	7,103	25,112
SembCorp Industries Limited and its associates	(6,250)	-

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)

	9M 2006 \$'000	9M 2005 \$'000
<b>Transaction for the Purchase of Goods and Services</b>		
Neptune Orient Lines Ltd and its associates	-	1,700
SembCorp Industries Limited and its associates	*66,751	-
Temasek Holdings (Private) Limited and its associates	120,336	-
<b>Total Interested Person Transactions</b>	<b>187,087</b>	<b>1,700</b>

\* In addition to a loan amount of \$116,983,000 assumed by a subsidiary company for purpose of acquisition of the properties at Admiralty Road, Singapore.

## 17. Confirmation by the Board

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the third quarter 2006 financial results to be false or misleading.

### BY ORDER OF THE BOARD

**KWONG SOOK MAY**  
Company Secretary

2 November 2006