

THIRD QUARTER 2007 FINANCIAL STATEMENTS ANNOUNCEMENT**TABLE OF CONTENTS**

<u>Description</u>	<u>Page</u>
Group Profit and Loss Statement	1 – 2
Balance Sheets	3
Consolidated Cash Flow Statement	4 – 5
Statements of Changes in Equity	6 – 10
Audit	10
Auditors' Report	11
Accounting Policies	11
Changes in Accounting Policies	11
Earnings and Net Asset Value per Ordinary Shares	11
Review of Group Performance	12– 13
Variance from Prospect Statement	13
Prospects	13
Dividend Distribution	13 – 14
Segmental Reporting	14 – 16
Breakdown of Sales	16
Interested Person Transactions	16 – 17
Confirmation by the Board	17

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

	3Q 2007 \$'000	Group 3Q 2006 \$'000	+ / (-) %	9M 2007 \$'000	Group 9M 2006 \$'000	+ / (-) %
Turnover	1,171,069	673,275	73.9	3,176,410	2,213,589	43.5
Cost of sales	(1,079,652)	(623,760)	73.1	(2,924,128)	(2,035,960)	43.6
Gross profit	91,417	49,515	84.6	252,282	177,629	42.0
Other operating income	4,353	7,222	(39.7)	24,171	17,846	35.4
Other operating expenses	(261)	781	n.m.	(1,888)	(10,753)	(82.4)
General and administrative expenses	(21,458)	(17,798)	20.6	(52,365)	(44,724)	17.1
Operating profit	74,051	39,720	86.4	222,200	139,998	58.7
Dividend and interest income	5,511	4,729	16.5	19,842	16,000	24.0
Finance costs	(3,210)	(2,506)	28.1	(9,480)	(5,710)	66.0
Non-operating income	-	-	n.m.	624	11,018	(94.3)
Non-operating expenses	(583)	(876)	(33.4)	(2,334)	(7,878)	(70.4)
Share of results of associated companies and joint ventures	20,612	13,794	49.4	56,891	28,883	97.0
Profit before tax	96,381	54,861	75.7	287,743	182,311	57.8
Taxation	(12,850)	(8,402)	52.9	(41,463)	(32,454)	27.8
Profit after taxation	83,531	46,459	79.8	246,280	149,857	64.3
Attributable to:						
Shareholders of the Company	81,359	44,713	82.0	240,197	143,089	67.9
Minority Interests	2,172	1,746	24.4	6,083	6,768	(10.1)
	83,531	46,459	79.8	246,280	149,857	64.3
Attributable to Shareholders of the Company excluding non-operating items	81,942	45,589	79.7	241,907	142,153	70.2
Earnings per share (cents)						
Basic	3.95	*2.19	80.4	11.70	*7.04	66.2
Diluted	3.92	*2.17	80.6	11.61	*6.96	66.8

* Adjusted for two Bonus Shares for every five existing ordinary shares

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

	3Q 2007 \$'000	Group 3Q 2006 \$'000	+ / (-) %	9M 2007 \$'000	Group 9M 2006 \$'000	+ / (-) %
Investment income	-	-	-	6,022	1,408	327.7
Interest income	5,511	4,729	16.5	13,820	14,592	(5.3)
Interest expenses	(3,184)	(2,506)	27.1	(9,454)	(5,710)	65.6
Depreciation and amortisation	(19,217)	(12,866)	49.4	(48,163)	(34,300)	40.4
Write-back of/(allowance for) doubtful debts/bad debts, net	1,149	(395)	n.m.	1,159	(514)	n.m.
(Allowance for)/write-back of stock obsolescence, net	(71)	268	n.m.	(159)	(110)	(44.5)
Foreign exchange (loss)/gain, net	(2,194)	1,030	n.m.	2,773	(10,336)	n.m.
	3Q 2007	Group 3Q 2006	% + / (-)	9M 2007	Group 9M 2006	% + / (-)
Profit after taxation as a percentage of Turnover	7.13%	6.90%	3.4	7.75%	6.77%	14.5
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	4.47%	3.76%	18.9	13.19%	12.05%	9.5

n.m. : not meaningful

Notes:

	3Q 2007 \$'000	Group 3Q 2006 \$'000	9M 2007 \$'000	Group 9M 2006 \$'000
(i) (Over)/under-provision of tax in respect of prior years, net	(190)	(250)	(4,622)	14
(ii) Gain on disposal of fixed assets, net	4,032	212	4,137	136
(iii) Non-operating income: Gain on disposal of subsidiary company	-	-	624	11,018
(iv) Non-operating expenses in respect of asset previously held for sale: - Impairment in value - Depreciation	(583)	(876)	(2,334)	(7,878)

Potential Litigation

(v) The Group has received mark-to-market information on unauthorised foreign exchange transactions ("Unauthorised Transactions") from various banks. The outstanding Unauthorised Transactions have been closed out, the loss from the Unauthorised Transactions is US\$220m. This does not include the sum of approximately US\$83m which Jurong Shipyard Pte Ltd ("JSPL") paid to one of the banks before the Unauthorised Transactions were discovered. JSPL's position is that the Unauthorised Transactions are not valid and binding on it, and that it is not liable for the loss. The Group has sought legal advice with respect to possible claims between the banks and JSPL in relation to the Unauthorised Transactions. The nature and extent of Unauthorised Transactions are currently being investigated and it is premature to quantify the amount. Accordingly, no provision for any liability has been made in the current quarter financial results.

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 Sheets	Group		Company	
	30-Sep-2007 \$'000	31-Dec-2006 \$'000	30-Sep-2007 \$'000	31-Dec-2006 \$'000
Non-current Assets				
Fixed assets	684,396	679,024	171,178	172,557
Investment in subsidiary companies	-	-	312,036	311,379
Investment in associated companies and joint ventures	190,140	147,255	109,161	92,445
Other long-term investments	866,955	346,987	400,987	162,262
Long-term trade debtors	33,332	39,952	33,332	36,952
Long-term other debtors	17,370	15,974	275,431	276,892
Intangible assets	8,323	13,657	122	122
Total Non-current Assets	1,800,516	1,242,849	1,302,247	1,052,609
Current Assets				
Stocks and work-in-progress	1,319,441	1,192,057	-	-
Trade debtors	486,835	426,182	12,147	37,450
Other debtors, deposits and prepayments	69,114	64,925	21,073	35,471
Fixed deposits	446,374	380,051	-	59,619
Bank and cash balances	200,975	123,437	3,331	13,223
Total Current Assets	2,522,739	2,186,652	36,551	145,763
Current Liabilities				
Trade creditors	1,136,185	922,835	45,342	14,569
Other creditors and provisions	19,080	23,006	36,905	36,561
Progress billings in excess of work-in-progress	644,928	542,744	-	-
Borrowings	169,526	140,443	-	-
Derivative financial instruments	10,482	7,970	-	-
Provision for taxation	56,398	53,898	2,355	2,722
Total Current Liabilities	2,036,599	1,690,896	84,602	53,852
Net Current Assets/(Liabilities)	486,140	495,756	(48,051)	91,911
Total Assets less Current Liabilities	2,286,656	1,738,605	1,254,196	1,144,520
Non-current Liabilities				
Long term borrowings	233,851	250,545	149,851	149,795
Deferred taxation	191,760	109,535	95,530	58,184
Hire purchase creditors	393	303	-	-
Other provisions	7,675	7,999	2,895	2,895
Total Non-current Liabilities	433,679	368,382	248,276	210,874
	1,852,977	1,370,223	1,005,920	933,646
Capital & Reserves				
Share Capital	439,892	418,631	439,892	418,631
Reserves	1,380,723	919,708	566,028	515,015
	1,820,615	1,338,339	1,005,920	933,646
Minority interests	32,362	31,884	-	-
	1,852,977	1,370,223	1,005,920	933,646

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-2007		As at 31-Dec-2006	
Secured	Unsecured	Secured	Unsecured
12,000,000	157,526,000	12,000,000	128,443,000

Amount repayable after one year

As at 30-Sep-2007		As at 31-Dec-2006	
Secured	Unsecured	Secured	Unsecured
84,000,000	149,851,000	100,750,000	149,795,000

Details of Collateral

Borrowing amounting to \$96,000,000 (31 December 2006: \$112,750,000) 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 2007	3Q 2006	9M 2007	9M 2006
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:				
Operating profit	74,051	39,720	222,200	139,998
Adjustments for:				
Depreciation of fixed assets	15,199	11,965	42,345	32,438
Gain on disposal of fixed assets, net	(4,032)	(212)	(4,137)	(136)
Fixed assets written off	12	-	15	370
Share-based payment expenses	5,929	1,063	10,225	2,897
Fair value adjustment of other investments	(300)	-	(300)	-
Negative goodwill	-	(677)	-	(677)
Amortisation	3,435	25	3,484	111
Operating income before reinvestment in working capital	94,294	51,884	273,832	175,001
Increase in debtors	(167,446)	(118,256)	(78,152)	(67,883)
Decrease/(increase) in stocks and work-in-progress	81,869	28,052	(26,236)	(360,833)
(Decrease)/increase in creditors	(6,732)	(124,235)	230,767	56,126
Cash generated from/(used in) operations	1,985	(162,555)	400,211	(197,589)
Investment and interest income received	6,065	4,743	20,236	16,000
Interest paid	(4,519)	(2,909)	(10,299)	(6,114)
Income taxes paid	(16,599)	(13,692)	(38,800)	(29,456)
Net cash (used in)/provided by operating activities	(13,068)	(174,413)	371,348	(217,159)
Cash flow from investing activities:				
Proceeds from disposal of a subsidiary company, net	-	-	3,208	151,926
Acquisition of subsidiary companies		(26,272)	-	(26,272)
Investment in associated companies and joint ventures	(500)	-	(4,819)	-
Purchase of fixed assets	(30,772)	(31,165)	(91,050)	(88,203)
Capital refund from an associated company	-	345	52	345
Capital contribution to associated companies	-	(8,731)	-	(8,731)
Dividend from associated companies	-	2,054	12,760	2,054
Purchase of long term investment	-	(120,336)	(7,536)	(120,414)
Proceeds from sale of other long term investments	705	-	730	-
Proceeds from sale of fixed assets	45,217	176	45,327	258
Net cash provided by/(used in) investing activities	14,650	(183,929)	(41,328)	(89,037)
Cash flow from financing activities:				
Dividend paid				
- by the Company	(73,783)	(40,867)	(216,266)	(122,362)
- by a subsidiary company to minority shareholder	(595)	(223)	(3,553)	(223)
Repayment of hire purchase creditors	(247)	(6)	(712)	(159)
Loan from hire purchase creditors	-	-	796	-
Repayment of bank loans	(123,651)	(300)	(271,331)	(44,479)
Proceeds from bank loans	156,751	273,877	293,213	318,356
Proceeds from issue of new shares:				
- by the Company	13,746	6,222	21,261	11,044
- by a subsidiary company to minority shareholder	-	-	-	6,415
Net cash (used in)/provided by financing activities	(27,779)	238,703	(176,592)	168,592
Net (decrease)/increase in cash and cash equivalents	(26,197)	(119,639)	153,428	(137,604)
Cash and cash equivalents at beginning of period	672,773	513,492	493,148	531,457
Cash and cash equivalents at end of period	646,576	393,853	646,576	393,853

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.

	Group		Group	
	3Q 2007	3Q 2006	9M 2007	9M 2006
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	(578)	(175,657)
Investment in associated company	-	-	(2,099)	-
Stocks and work-in-progress	-	-	(1,036)	-
Debtors	-	-	(18,390)	(28)
Other assets	-	-	(26)	-
Bank and cash balances	-	-	(222)	(1,076)
Due to shareholders	-	-	-	3,196
Creditors	-	-	17,374	29
Bank overdraft	-	-	577	-
Provision for taxation and deferred taxation	-	-	347	-
Net assets disposed	-	-	(4,053)	(173,536)
Minority interests	-	-	1,824	31,552
Gain on disposal	-	-	(624)	(11,018)
Disposal consideration received	-	-	(2,853)	(153,002)

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

Cash received	-	-	2,853	153,002
Less: Bank and cash balances disposed	-	-	(222)	(1,076)
Add: Bank overdraft disposed	-	-	577	-
Net cash inflow	-	-	3,208	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.

Fixed assets	3,806	164,440	3,806	164,440
Intangible assets	5,603	-	5,603	-
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)
Deferred taxation	(1,882)	-	(1,882)	-
Net assets acquired	7,527	60,690	7,527	60,690
Minority interests	-	(1,222)	-	(1,222)
Amount taken up as associated company	-	(859)	-	(859)
Goodwill on acquisition	(7,527)	*9,801	(7,527)	*9,801
Purchase consideration	-	68,410	-	68,410

* The goodwill provisionally determined in 2006 was reduced by \$7,527,000 and fixed assets, intangible assets, and deferred taxation increased by \$3,806,000, \$5,603,000, and \$1,882,000 respectively in the current period based on the final valuation report received from the independent valuer during the period.

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:

	30-Sep-2007	30-Sep-2006
	\$'000	\$'000
Fixed deposit, bank and cash balances	647,349	393,993
Bank overdraft	(773)	(140)
	<u>646,576</u>	<u>393,853</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

GROUP	Attributable to equity holders of the Company							Minority Interest	Total Equity
	Share Capital	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue Reserve	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
1H 2007									
At 1 January 2007	418,631	14,419	(12,055)	206,729	710,615	1,338,339	31,884	1,370,223	
Foreign currency translation	-	-	3,966	-	-	3,966	(5)	3,961	
Net fair value changes	-	-	-	181,275	-	181,275	-	181,275	
Net income recognised directly in equity	-	-	3,966	181,275	-	185,241	(5)	185,236	
Profit for the period	-	-	-	-	158,838	158,838	3,911	162,749	
Total recognised income and expenses for the period	-	-	3,966	181,275	158,838	344,079	3,906	347,985	
Issue of new shares									
- under Share Option Plan	7,515	-	-	-	-	7,515	-	7,515	
Dividend paid to									
- Company's shareholders	-	-	-	-	(142,483)	(142,483)	-	(142,483)	
- minority shareholders	-	-	-	-	-	-	(2,958)	(2,958)	
Disposal of subsidiary companies	-	-	-	-	-	-	(1,824)	(1,824)	
Cost of share-based payment	-	-	-	4,264	-	4,264	32	4,296	
At 30 June 2007	426,146	14,419	(8,089)	392,268	726,970	1,551,714	31,040	1,582,754	
3Q 2007									
Foreign currency translation	-	-	(2,461)	-	-	(2,461)	(303)	(2,764)	
Net fair value changes	-	-	-	244,159	-	244,159	-	244,159	
Net income recognised directly in equity	-	-	(2,461)	244,159	-	241,698	(303)	241,395	
Profit for the period	-	-	-	-	81,359	81,359	2,172	83,531	
Total recognised income and expenses for the period	-	-	(2,461)	244,159	81,359	323,057	1,869	324,926	
Issue of new shares									
- under Share Option Plan	13,746	-	-	-	-	13,746	-	13,746	
Dividend paid to									
- Company's shareholders	-	-	-	-	(73,783)	(73,783)	-	(73,783)	
- minority shareholders	-	-	-	-	-	-	(595)	(595)	
Cost of share-based payment	-	-	-	5,881	-	5,881	48	5,929	
At 30 September 2007	439,892	14,419	(10,550)	642,308	734,546	1,820,615	32,362	1,852,977	

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

GROUP	Attributable to equity holders of the Company							Total	Minority Interest	Total Equity
	Share capital	Share premium	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
1H 2006										
At 1 January 2006	145,036	259,540	6,770	(1,209)	53,170	602,238	1,065,545	50,152	1,115,697	
Foreign currency translation	-	-	-	(6,969)	-	-	(6,969)	(2,029)	(8,998)	
Net fair value changes	-	-	-	-	10,063	-	10,063	-	10,063	
Net income recognised directly in equity	-	-	-	(6,969)	10,063	-	3,094	(2,029)	1,065	
Profit for the period	-	-	-	-	-	98,376	98,376	5,022	103,398	
Total recognised income and expenses for the period	-	-	-	(6,969)	10,063	98,376	101,470	2,993	104,463	
Transfer to share capital	259,540	(259,540)	-	-	-	-	-	-	-	
Issue of new shares										
- under Share Option Plan	4,822	-	-	-	-	-	4,822	-	4,822	
- to minority shareholder	-	-	-	-	-	-	-	6,415	6,415	
Dividend paid to										
- Company's shareholders	-	-	-	-	-	(81,495)	(81,495)	-	(81,495)	
Disposal of a subsidiary company	-	-	-	-	-	-	-	(31,552)	(31,552)	
Cost of share-based payment	-	-	-	-	1,814	-	1,814	20	1,834	
At 30 June 2006	409,398	-	6,770	(8,178)	65,047	619,119	1,092,156	28,028	1,120,184	
3Q 2006										
Foreign currency translation	-	-	-	(718)	-	-	(718)	(75)	(793)	
Net fair value changes	-	-	-	-	85,340	-	85,340	-	85,340	
Net income recognised directly in equity	-	-	-	(718)	85,340	-	84,622	(75)	84,547	
Profit for the period	-	-	-	-	-	44,713	44,713	1,746	46,459	
Total recognised income and expenses for the period	-	-	-	(718)	85,340	44,713	129,335	1,671	131,006	
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)	
Dividend paid to										
- Company's shareholders	-	-	-	-	-	(40,867)	(40,867)	-	(40,867)	
- minority shareholders	-	-	-	-	-	-	-	(223)	(223)	
Cost of share-based payment	-	-	-	-	1,054	-	1,054	9	1,063	
At 30 September 2006	415,620	-	6,770	(8,896)	151,441	622,965	1,187,900	30,030	1,217,930	

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

<u>COMPANY</u>	Share Capital	Capital reserves	Other Reserves	Revenue reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
1H 2007					
At 1 January 2007	418,631	960	120,720	393,335	933,646
Net fair value changes	-	-	85,069	-	85,069
Net income recognised directly in equity	-	-	85,069	-	85,069
Profit for the period	-	-	-	43,398	43,398
Total recognised income and expenses for the period	-	-	85,069	43,398	128,467
Issue of new shares - under Share Option Plan	7,515	-	-	-	7,515
2006 final dividend paid	-	-	-	(142,483)	(142,483)
Cost of share-based payment	-	-	1,029	-	1,029
At 30 June 2007	426,146	960	206,818	294,250	928,174
3Q 2007					
Net fair value changes	-	-	113,622	-	113,622
Net income recognised directly in equity	-	-	113,622	-	113,622
Profit for the period	-	-	-	22,784	22,784
Total recognised income and expenses for the period	-	-	113,622	22,784	136,406
Issue of new shares - under Share Option Plan	13,746	-	-	-	13,746
2007 interim dividend paid	-	-	-	(73,783)	(73,783)
Cost of share-based payment	-	-	1,377	-	1,377
At 30 September 2007	439,892	960	321,817	243,251	1,005,920

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

COMPANY	Share Capital	Share Premium	Capital reserves	Other Reserves	Revenue reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1H 2006						
At 1 January 2006	145,036	259,540	960	50,196	395,896	851,628
Net fair value changes	-	-	-	10,067	-	10,067
Net income recognised directly in equity	-	-	-	10,067	-	10,067
Profit for the period	-	-	-	-	1,292	1,292
Total recognised income and expenses for the period	-	-	-	10,067	1,292	11,359
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)
Cost of share-based payment	-	-	-	319	-	319
At 30 June 2006	409,398	-	960	60,582	315,693	786,633
3Q 2006						
Net fair value changes	-	-	-	22,408	-	22,408
Net income recognised directly in equity	-	-	-	22,408	-	22,408
Profit for the period	-	-	-	-	2,362	2,362
Total recognised income and expenses for the period	-	-	-	22,408	2,362	24,770
Issue of new shares - under Share Option Plan	6,222	-	-	-	-	6,222
2006 interim dividend paid	-	-	-	-	(40,867)	(40,867)
Cost of share-based payment	-	-	-	159	-	159
At 30 September 2006	415,620	-	960	83,149	277,188	776,917

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

Issued Share Capital

During 3Q 2007, the Company issued 8,335,385 (3Q 2006: 5,123,850) ordinary shares for cash upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan"). 591,046,630 (3Q 2006: nil) Bonus Shares had been allotted and issued during the period to the shareholders of the Company. As at 30 September 2007, the Company's issued and paid up capital comprises 2,069,180,680 (30 September 2006: 1,460,936,115) ordinary shares.

Share Options

During 3Q 2007, there is no share option (3Q 2006: nil) granted under the Plan. 10,967,720 options had been adjusted during the period to unexercised options to effect two Bonus Shares credited as fully paid for every five existing ordinary shares. As at 30 September 2007, there were 37,770,070 (30 September 2006: 36,411,850) unexercised options for unissued 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.

Performance Shares

During 3Q 2007, there is no (3Q 2006: nil) performance shares were granted conditionally under the Company's Performance Share Plan. The total number of performance shares in awards granted conditionally and representing 100% of targets achieved but not released as at 30 September 2007 was 2,075,000 (30 September 2006: 1,355,000). The performance shares have yet to be adjusted to effect two Bonus Shares credited as fully paid for every five existing ordinary shares.

Under the Performance Share Plan, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, performance shares to be delivered at the end of the 3-year performance cycle will range from 0% to 150% of the original award.

Restricted Shares

During 3Q 2007, there is no (3Q 2006: nil) restricted shares were granted conditionally under the Company's Restricted Stock Plan. The total number of restricted shares in awards granted conditionally and representing 100% of targets achieved but not released as at 30 September 2007 was 4,949,629 (30 September 2006: nil). The restricted shares have yet to be adjusted to effect two Bonus Shares credited as fully paid for every five existing ordinary shares.

Under the Restricted Stock Plan, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 130% of the original award.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting of three years after the performance period, during which one-third of the awarded shares are released each 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 2006 except for the changes mentioned in Section 5.

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

With effect from 1 January 2007, the Group adopted the following FRS which are relevant to their operations:

FRS 1 -- Amendment to FRS 1 (revised) Presentation of financial statements (Capital Disclosures)

FRS 40 -- Investment Property

FRS 107 -- Financial Instruments: Disclosures

The effects of adoption of the above FRS did not result in substantial changes to the Group's accounting policies and did not give rise to any material adjustments to the opening balances of revenue reserve or changes to comparatives.

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 2007	Group 3Q 2006	+/(-)%	9M 2007	Group 9M 2006	+/(-)%
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)	3.95	*2.19	80.4	11.70	*7.04	66.2
Weighted average number of shares	2,059,700,409	*2,039,276,585	1.0	2,053,552,805	*2,034,367,023	0.9
(ii) On a fully diluted basis (cents)	3.92	*2.17	80.6	11.61	*6.96	66.8
Adjusted weighted average number of shares	2,074,608,409	*2,060,371,664	0.7	2,068,460,805	*2,055,462,102	0.6

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-2007	Group Dec-2006	+/(-) %	Sep-2007	Company Dec-2006	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	87.99	*65.30	34.7	48.61	*45.56	6.7

* Adjusted for two Bonus Shares for every five existing ordinary shares

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 2007 versus 3Q 2006

	3Q 2007	3Q 2006	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	189.3	159.6	29.7	18.6
Offshore and Conversion	306.2	186.4	119.8	64.3
Rig Building	648.6	268.7	379.9	141.4
Shipbuilding	14.8	43.2	(28.4)	(65.7)
Other Activities	12.2	15.4	(3.2)	(20.8)
Group Turnover	1,171.1	673.3	497.8	73.9

Group turnover for 3Q 2007 increased by 73.9% from \$673.3 million in 3Q 2006 to \$1,171.1 million with growth mainly from the rig building, offshore and conversion and repair businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 86.4% from \$39.7 million in 3Q 2006 to \$74.1 million in 3Q 2007. Group pre-tax profits increased by 75.7% from \$54.9 million in 3Q 2006 to \$96.4 million in 3Q 2007. The increase is mainly attributable to higher operating margin from rig building and ship repair businesses, and better contribution from associated companies.

Group Profit Attributable to Shareholders of the Company

Group attributable profits increased by 82.0% from \$44.7 million in 3Q 2006 to \$81.4 million in 3Q 2007. Excluding net non-operating items, Group attributable profits increased by 79.7% to \$81.9 million.

9M 2007 versus 9M 2006

	9M 2007	9M 2006	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	535.4	417.2	118.2	28.3
Offshore and Conversion	766.6	528.8	237.8	45.0
Rig Building	1,762.6	1,022.0	740.6	72.5
Shipbuilding	70.7	160.2	(89.5)	(55.9)
Other Activities	41.1	85.4	(44.3)	(51.9)
Group Turnover	3,176.4	2,213.6	962.8	43.5

Group turnover for 9M 2007 increased by 43.5% from \$2,213.6 million in 9M 2006 to \$3,176.4 million in 9M 2007 with growth mainly from the rig building, offshore and conversion and repair businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 58.7% from \$140.0 million in 9M 2006 to \$222.2 million in 9M 2007. Group pre-tax profits increased by 57.8% from \$182.3 million in 9M 2006 to \$287.7 million in 9M 2007. The increase is mainly attributable to higher operating margin from rig building and ship repair businesses and better contribution from associated companies, offset by higher finance costs. For 9M 2006, there was a non-recurring gain on disposal of a subsidiary, Kristiansand Drilling, of \$11.0 million. This amount was offset by a non-recurring allowance for impairment in value of asset previously held of sale of \$6.1 million.

Group Profit Attributable to Shareholders of the Company

Group attributable profits increased by 67.9% from \$143.1 million in 9M 2006 to \$240.2 million in 9M 2007. Excluding net non-operating items, Group attributable profits increased by 70.2% to \$241.9 million.

Review of Balance Sheet

Other long-term investments

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

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, offshore and conversion projects.

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

In the prospect statement of the second quarter 2007 financial statements announcement, it was stated that "the Group expects the current year's overall performance to be stronger than FY 2006 based on the scheduled completion of projects and underpinned by strong market fundamentals".

While there is no variance from the previous forecast, we have not taken into account any impact arising from the disputes relating to the Unauthorised Transactions which will be determined at a future date not ascertainable at present.

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 has a strong net order book of \$7.9 billion with completion and deliveries till 2010. This includes new orders of \$5.1 billion secured to-date since January 2007.

High demand for ship repair and dock space booking continues to benefit the Group.

The fundamentals for the offshore market remain strong, underpinned by sustained high oil prices and exploration and production capital expenditure. Demand for rig building continues to be strong with demand trending towards deepwater rigs.

The positive outlook for the offshore production market will see increasing demand for fixed and floating production systems, including Floating Production Storage and Offloading (FPSO) units.

The sale of 39 million ordinary shares in Cosco Corporation (Singapore) Ltd on 22 October 2007 resulted in a pre-tax gain of approximately \$230 million and will positively impact the 2007 full year results.

The outcome of the disputes relating to the Unauthorised Transactions will be determined at a future date which is not ascertainable at present.

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.

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**

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: 9M 2007					
Turnover					
Sales to external parties	3,146,965	-	29,445	-	3,176,410
Inter-segment sales	-	-	127,174	(127,174)	-
Consolidated sales	3,146,965	-	156,619	(127,174)	3,176,410
Results					
Segment results	218,756	(127)	3,571	-	222,200
Dividend and interest income	19,393	118	331	-	19,842
Interest expenses	(9,480)	-	-	-	(9,480)
Non-operating income	624	-	-	-	624
Non-operating expenses	(2,334)	-	-	-	(2,334)
Share of results of associated companies & joint ventures	52,210	4,649	32	-	56,891
Profit before taxation	279,169	4,640	3,934	-	287,743
Taxation	(38,936)	(1,593)	(934)	-	(41,463)
Profit after taxation	240,233	3,047	3,000	-	246,280
Other information					
Capital expenditure	102,772	500	133	-	103,405
Depreciation	43,761	-	918	-	44,679
Amortisation	3,484	-	-	-	3,484
Other segment assets	3,431,022	17,878	29,883	-	3,478,783
Interest bearing assets	630,394	3,692	18,307	-	652,393
Investments in associated companies & joint ventures	178,346	9,669	2,125	-	190,140
Tax recoverable	1,939	-	-	-	1,939
Total segment assets	4,241,701	31,239	50,315	-	4,323,255
Other segment liabilities	1,789,526	(35)	28,654	-	1,818,145
Interest bearing liabilities	403,975	-	-	-	403,975
Deferred taxation	190,857	-	903	-	191,760
Provision for taxation	54,125	569	1,704	-	56,398
Total segment liabilities	2,438,483	534	31,261	-	2,470,278

Information by segment on Group operations (cont'd)

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: 9M 2006					
Turnover					
Sales to external parties	2,153,914	-	59,675	-	2,213,589
Inter-segment sales	114	-	91,910	(92,024)	-
Consolidated sales	2,154,028	-	151,585	(92,024)	2,213,589
Results					
Segment results	133,526	(236)	6,708	-	139,998
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	141,365	2,018	6,474	-	149,857
Other information					
Capital expenditure	241,771	-	1,849	-	243,620
Depreciation	33,221	116	852	-	34,189
Amortisation	111	-	-	-	111
Other segment assets					
Other segment assets	2,752,843	17,394	32,530	-	2,802,767
Interest bearing assets	386,178	4,610	9,862	-	400,650
Investments in associated companies & joint venture	128,555	4,326	2,124	-	135,005
Deferred tax assets	865	-	7	-	872
Tax recoverable	1,727	218	496	-	2,441
Total segment assets	3,270,168	26,548	45,019	-	3,341,735
Other segment liabilities					
Other segment liabilities	1,578,340	11	13,514	-	1,591,865
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	2,107,664	83	16,058	-	2,123,805

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.

	Singapore	Rest of Asia	Europe	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2007						
Revenue from external customers	729,539	628,365	1,694,020	124,486	-	3,176,410
Total segment assets	3,971,953	326,681	-	24,621	-	4,323,255
Capital expenditure	93,125	10,280	-	-	-	103,405
9M 2006						
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

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 2007	9M 2006
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
Keppel Corporation Ltd and its associates	2,177	1,191
Neptune Orient Lines Ltd and its associates	13,195	4,308
SembCorp Industries Limited and its associates	-	1,123
PSA International Pte Ltd and its associates	607	(406)
Transaction for the Purchase of Goods and Services		
Keppel Corporation Ltd and its associates	1,961	2,747
SembCorp Industries Limited and its associates	19,365	21,645
Management and Support Services		
SembCorp Industries Limited	188	188
Total Interested Person Transactions	37,493	30,796
Treasury Transactions		
Placement of Funds with/(from) - as at 30 September		
SembCorp Industries Limited and its associates	-	7,103
SembCorp Industries Limited and its associates	-	(6,250)

Interested Person Transactions (cont'd)

	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	9M 2007 \$'000	9M 2006 \$'000
Investment Transactions		
SembCorp Industries Ltd and its associates	-	*66,751
Temasek Holdings (Private) Limited and its associates	-	120,336

* 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, save for the impact arising from the disputes relating to the Unauthorised Transactions, nothing has come to its attention which may render the third quarter 2007 financial results to be false or misleading.

BY ORDER OF THE BOARD

TAN YAH SZE
COMPANY SECRETARY

1 November 2007