

**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 2005 \$'000	Group 3Q 2004 \$'000	+ / (-) %	9M 2005 \$'000	Group 9M 2004 \$'000	+ / (-) %
<b>Turnover</b>	<b>451,224</b>	<b>389,981</b>	<b>15.7</b>	<b>1,369,313</b>	<b>965,819</b>	<b>41.8</b>
Cost of sales	(405,757)	(351,111)	15.6	(1,251,204)	(869,845)	43.8
Gross profit	45,467	38,870	17.0	118,109	95,974	23.1
Other operating income, net	2,318	2,979	(22.2)	7,899	10,516	(24.9)
General and administrative expenses	(12,502)	(10,425)	19.9	(34,578)	(31,483)	9.8
<b>Operating profit</b>	<b>35,283</b>	<b>31,424</b>	<b>12.3</b>	<b>91,430</b>	<b>75,007</b>	<b>21.9</b>
Dividend and net interest income	2,563	3,108	(17.5)	8,714	8,986	(3.0)
Exceptional items (EI)	-	(3,010)	n.m	-	(3,010)	n.m
Share of results of associated companies and joint venture	4,015	(1,512)	n.m	16,828	3,573	371.0
<b>Profit before tax</b>	<b>41,861</b>	<b>30,010</b>	<b>39.5</b>	<b>116,972</b>	<b>84,556</b>	<b>38.3</b>
Taxation	(8,026)	(7,233)	11.0	(23,710)	(12,856)	84.4
<b>Profit after taxation</b>	<b>33,835</b>	<b>22,777</b>	<b>48.5</b>	<b>93,262</b>	<b>71,700</b>	<b>30.1</b>
Attributable to:						
<b>Shareholders of the Company</b>	<b>32,735</b>	<b>21,515</b>	<b>52.1</b>	<b>91,133</b>	<b>69,538</b>	<b>31.1</b>
Minority Interests	1,100	1,262	(12.8)	2,129	2,162	(1.5)
	<b>33,835</b>	<b>22,777</b>	<b>48.5</b>	<b>93,262</b>	<b>71,700</b>	<b>30.1</b>
<b>Attributable to Shareholders of the Company excluding prior year tax under/over-provision</b>	<b>32,735</b>	<b>21,868</b>	<b>49.7</b>	<b>91,133</b>	<b>65,563</b>	<b>39.0</b>
<b>Earnings per share (cents)</b>						
Basic	2.27	1.51	50.3	6.35	4.89	29.9
Diluted	2.21	1.51	46.4	6.19	4.87	27.1

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

	3Q 2005 \$'000	Group 3Q 2004 \$'000	+ / (-) %	9M 2005 \$'000	Group 9M 2004 \$'000	+ / (-) %
Investment income	75	643	(88.3)	905	1,057	(14.4)
Interest income	3,685	3,104	18.7	11,324	9,482	19.4
Interest on borrowings	(1,197)	(639)	87.3	(3,515)	(1,553)	126.3
Depreciation and amortization	(9,246)	(9,257)	(0.1)	(25,965)	(27,314)	(4.9)
Write-back of provision for doubtful debts, net and bad debts written off	1,223	85	1,338.8	1,534	256	499.2
Provision for stock obsolescence, net	(44)	(17)	158.8	(83)	(60)	38.3
Foreign exchange (loss)/gain, net	(1,510)	851	n.m.	2,262	675	235.1
Profit after taxation (including EI) as a percentage of Turnover	7.50%	5.84%	28.4	6.81%	7.42%	(8.2)
Net profit attributable to shareholders (including EI) as a percentage of Issued Capital and Reserves at end of period	3.08%	2.28%	35.1	8.57%	7.37%	16.3
Profit after taxation (excluding EI) as a percentage of Turnover	7.50%	6.61%	13.5	6.81%	7.74%	(12.0)
Net profit attributable to shareholders (excluding EI) as a percentage of Issued Capital and Reserves at end of period	3.08%	2.60%	18.5	8.57%	7.68%	11.6

n.m. : not meaningful

**Notes:**

	3Q 2005 \$'000	Group 3Q 2004 \$'000	9M 2005 \$'000	Group 9M 2004 \$'000
(i) (Under)/over-provision of tax in respect of prior years, net	-	(353)	-	3,975
(ii) Profit on disposal of property, plant and equipment, net	1,559	92	1,592	3,571
(iii) Exceptional items comprise:				
Loss on disposal of investments in unquoted bonds	-	(5,000)	-	(5,000)
Gain on disposal of other long term equity investment	-	1,990	-	1,990
<b>Exceptional items</b>	-	<b>(3,010)</b>	-	<b>(3,010)</b>

**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-Sep-2005</b>	<b>31-Dec-2004 (Restated)</b>	<b>30-Sep-2005</b>	<b>31-Dec-2004 (Restated)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non Current Assets</b>				
Fixed assets	532,440	460,020	172,478	176,449
Subsidiary companies	-	-	498,200	490,852
Associated companies and joint venture	123,962	67,487	73,842	26,387
Other long-term investments	108,581	23,666	104,242	19,105
Long-term trade debtors	57,880	83,249	42,734	56,000
Intangible assets	3,539	3,539	122	122
Deferred tax asset	1,470	1,470	-	-
<b>Total Non Current Assets</b>	<b>827,872</b>	<b>639,431</b>	<b>891,618</b>	<b>768,915</b>
<b>Current Assets</b>				
Stocks and work-in-progress	564,558	390,940	-	-
Trade debtors	216,238	267,237	12,212	70,798
Asset held for sale	53,192	53,192	-	-
Other debtors	72,343	39,081	109,949	53,073
Fixed deposits	458,022	361,164	5,951	70,893
Bank and cash balances	88,589	108,320	2,558	29,561
<b>Total Current Assets</b>	<b>1,452,942</b>	<b>1,219,934</b>	<b>130,670</b>	<b>224,325</b>
<b>Current Liabilities</b>				
Trade creditors	561,194	474,643	4,640	6,067
Borrowings	9,787	-	-	-
Other creditors and provisions	25,258	24,358	17,928	2,244
Excess progress billings over work-in-progress	350,303	136,414	-	-
Provision for taxation	22,427	16,277	165	343
<b>Total Current Liabilities</b>	<b>968,969</b>	<b>651,692</b>	<b>22,733</b>	<b>8,654</b>
<b>Net Current Assets</b>	<b>483,973</b>	<b>568,242</b>	<b>107,937</b>	<b>215,671</b>
<b>Total Assets less Current Liabilities</b>	<b>1,311,845</b>	<b>1,207,673</b>	<b>999,555</b>	<b>984,586</b>
<b>Non-Current Liabilities</b>				
Long term borrowings	149,701	149,645	149,701	149,645
Deferred taxation	48,670	47,980	28,137	28,137
Hire purchase creditors	206	333	-	-
Other provisions	6,959	7,005	2,895	2,895
<b>Total Non-Current Liabilities</b>	<b>205,536</b>	<b>204,963</b>	<b>180,733</b>	<b>180,677</b>
	<b>1,106,309</b>	<b>1,002,710</b>	<b>818,822</b>	<b>803,909</b>
<b>Capital &amp; Reserves</b>				
Share Capital	144,704	142,761	144,704	142,761
Reserves	918,868	826,139	674,118	661,148
	1,063,572	968,900	818,822	803,909
Minority interests	42,737	33,810	-	-
	<b>1,106,309</b>	<b>1,002,710</b>	<b>818,822</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-Sep-2005		As at 31-Dec-2004	
Secured	Unsecured	Secured	Unsecured
-	9,787,000	-	-

**Amount repayable after one year**

As at 30-Sep-2005		As at 31-Dec-2004	
Secured	Unsecured	Secured	Unsecured
-	149,701,000	-	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 September**

	Group			
	3Q 2005	3Q 2004	9M 2005	9M 2004
	\$'000	\$'000	\$'000	\$'000
<b>Cash flow from operating activities:</b>				
<b>Operating profit</b>	<b>35,283</b>	<b>31,424</b>	<b>91,430</b>	<b>75,007</b>
<b>Adjustments for:</b>				
Depreciation of fixed assets	9,227	9,257	25,909	27,314
Gain on sale of fixed assets	(1,559)	(92)	(1,592)	(3,571)
Fixed assets written off	1	-	7	-
Share-based payment expenses	910	271	1,514	544
Goodwill on consolidation of subsidiary companies written off	-	292	-	292
Amortisation of borrowing costs	19	-	56	-
<b>Operating income before reinvestment in working capital</b>	<b>43,881</b>	<b>41,152</b>	<b>117,324</b>	<b>99,586</b>
(Increase)/decrease in debtors	(53,069)	85,491	49,073	128,127
Increase in asset held for sale	-	(53,192)	-	(53,192)
(Increase)/decrease in stocks and work-in-progress	(62,802)	(115,529)	40,271	(263,373)
Increase in creditors	73,246	44,262	87,120	73,923
<b>Cash provided by/(used in) operations</b>	<b>1,256</b>	<b>2,184</b>	<b>293,788</b>	<b>(14,929)</b>
Investment and interest income received	3,739	4,112	11,398	11,338
Interest paid	(2,332)	(703)	(4,650)	(1,556)
Income taxes paid	(6,798)	(4,703)	(14,401)	(12,632)
<b>Net cash (used in)/provided by operating activities</b>	<b>(4,135)</b>	<b>890</b>	<b>286,135</b>	<b>(17,779)</b>
<b>Cash flow from investing activities:</b>				
Acquisition of subsidiary companies	-	-	-	(660)
Purchase of fixed assets	(44,794)	(23,765)	(98,649)	(44,300)
Purchase of associated companies	-	-	(47,456)	(1,309)
Purchase of other long term investments	-	-	-	(14,298)
Proceeds from sale of fixed assets	1,947	112	1,980	34,456
Proceeds from sale of a joint venture	-	7,303	-	14,611
Proceeds from partial redemption of investment in bond	-	360	-	720
Proceeds from sale of long term investment	-	59,302	105	59,302
Dividends from associated companies	999	856	1,345	4,945
<b>Net cash (used in)/provided by investing activities</b>	<b>(41,848)</b>	<b>44,168</b>	<b>(142,675)</b>	<b>53,467</b>
<b>Cash flow from financing activities:</b>				
Dividend paid by the Company	(28,880)	(17,066)	(98,037)	(56,880)
Dividend paid by subsidiary to minority shareholders	-	-	-	(401)
Additional/(repayment of) short term bank loan, net	9,787	(125,467)	9,787	(71,029)
Repayment of hire purchase creditors	(262)	(172)	(1,051)	(974)
Proceeds from issue of medium term notes	-	149,625	-	149,625
Proceeds from issue of new shares:				
- by the Company	5,208	837	16,249	2,162
- by a subsidiary company to minority shareholder	11	6,656	6,719	13,508
<b>Net cash (used in)/provided by financing activities</b>	<b>(14,136)</b>	<b>14,413</b>	<b>(66,333)</b>	<b>36,011</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(60,119)</b>	<b>59,471</b>	<b>77,127</b>	<b>71,699</b>
Cash and cash equivalents at beginning of period	606,730	160,635	469,484	148,407
<b>Cash and cash equivalents at end of period</b>	<b>546,611</b>	<b>220,106</b>	<b>546,611</b>	<b>220,106</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.

	3Q 2005 \$'000	Group 3Q 2004 \$'000	9M 2005 \$'000	9M 2004 \$'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:

	9M 2005 \$'000	Group 9M 2004 \$'000
Fixed deposit, bank and cash balances	546,611	274,860
Less : Bank overdraft	-	(375)
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>546,611</b>	<b>220,106</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 September**

<b>GROUP</b>	Attributable to equity holders of the Company						Total	Minority Interest	Total Equity
	Share capital \$'000	Share premium \$'000	Capital reserve \$'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 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	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	-	-	-	-	31,268	-	31,268	-	31,268
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>63,056</b>	<b>573,645</b>	<b>1,032,116</b>	<b>41,626</b>	<b>1,073,742</b>
<b>3Q 2005</b>									
Issue of new shares									
- under Share Option Plan	546	4,662	-	-	-	-	5,208	-	5,208
2005 interim dividend paid	-	-	-	-	-	(28,880)	(28,880)	-	(28,880)
Foreign currency translation	-	-	-	(2,342)	-	-	(2,342)	(1)	(2,343)
Net fair value changes	-	-	-	-	23,825	-	23,825	-	23,825
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>87,791</b>	<b>577,500</b>	<b>1,063,572</b>	<b>42,737</b>	<b>1,106,309</b>

**Statement of Changes in Equity for the period ended 30 September (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>1H 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	185	1,140	-	-	-	-	1,325	-	1,325
- 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	-	-	-	150	-	-	150	-	150
2003 final dividend paid	-	-	-	-	-	(39,814)	(39,814)	-	(39,814)
Cost of share-based payment	-	-	-	-	272	-	272	1	273
Profit for the period	-	-	-	-	-	48,023	48,023	900	48,923
<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>
<b>3Q 2004</b>									
Issue of new shares									
- under Share Option Plan	116	721	-	-	-	-	837	-	837
- to minority shareholder	-	-	-	-	-	-	-	6,648	6,648
Foreign currency translation	-	-	-	1,597	-	-	1,597	-	1,597
2004 Interim dividend paid	-	-	-	-	-	(17,066)	(17,066)	-	(17,066)
Cost of share-based payment	-	-	-	-	270	-	270	1	271
Profit for the period	-	-	-	-	-	21,515	21,515	1,262	22,777
<b>At 30 September 2004</b>	<b>142,306</b>	<b>239,811</b>	<b>1,243</b>	<b>(819)</b>	<b>762</b>	<b>560,819</b>	<b>944,122</b>	<b>33,310</b>	<b>977,432</b>

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

<b>COMPANY</b>	<b>Share capital \$'000</b>	<b>Share premium \$'000</b>	<b>Capital reserve \$'000</b>	<b>Other Reserves \$'000</b>	<b>Revenue reserve \$'000</b>	<b>Total \$'000</b>
<b>1H 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	1,397	9,644	-	-	-	11,041
2004 final dividend paid	-	-	-	-	(69,157)	(69,157)
Net fair value changes	-	-	-	31,269	-	31,269
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>61,713</b>	<b>358,163</b>	<b>817,449</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	-	-	-	23,648	-	23,648
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>85,635</b>	<b>330,406</b>	<b>818,822</b>
<b>1H 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	185	1,140	-	-	-	1,325
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
Cost of share-based payment	-	-	-	55	-	55
Profit for the period	-	-	-	-	30,446	30,446
<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>
<b>3Q 2004</b>						
Issue of new shares						
- under Share Option Plan	116	721	-	-	-	837
2004 interim dividend paid	-	-	-	-	(17,066)	(17,066)
Cost of share-based payment	-	-	-	53	-	53
Loss for the period	-	-	-	-	(415)	(415)
<b>At 30 September 2004</b>	<b>142,306</b>	<b>239,811</b>	<b>960</b>	<b>152</b>	<b>392,851</b>	<b>776,080</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 19,427,965 ordinary shares of \$0.10 each upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 30 September 2005, there were 51,986,695 (30 September 2004: 61,417,100) 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>	<u>Group Revenue Reserves</u>	<u>Group Total</u>	<u>Company Fair Value Reserves</u>	<u>Company Revenue Reserves</u>	<u>Company Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 9M 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 9M 2004 were decreased by \$542,000 and \$108,000 respectively. The effect of FRS 102 on the Group's basic and diluted EPS for 9M 2004 is as follows:

Basic EPS : reduction of 0.04 cents  
Diluted EPS : reduction of 0.04 cents

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**

	3Q 2005	3Q 2004	Group +/(-)%	9M 2005	9M 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)	2.27	1.51	50.3	6.35	4.89	29.9
Weighted average number of shares	1,442,505,220	1,422,130,200	1.4	1,434,837,244	1,420,978,508	1.0
(ii) On a fully diluted basis (cents)	2.21	1.51	46.4	6.19	4.87	27.1
Adjusted weighted average number of shares	1,479,636,220	1,428,473,200	3.6	1,471,968,244	1,427,321,508	3.1

**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-2005	Group Dec-2004 (Restated)	+/(-) %	Sep-2005	Company Dec-2004 (Restated)	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	73.50	67.87	8.3	56.59	56.31	0.5

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 2005 versus 3Q 2004

	3Q 2005	3Q 2004	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Ship Repair	161.7	117.9	43.8	37.2
Conversion	117.6	214.4	(96.8)	(45.1)
Rig Building	55.7	10.3	45.4	440.8
Shipbuilding	46.9	20.6	26.3	127.7
Other Activities	69.3	26.8	42.5	158.6
<b>3Q Group Turnover</b>	<b>451.2</b>	<b>390.0</b>	<b>61.2</b>	<b>15.7</b>

Group turnover for 3Q 2005 increased by 15.7% from \$390.0 million in 3Q 2004 to \$451.2 million with growth mainly from the rig building and ship repair segments.

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

Group operating profits increased by 12.3% from \$31.4 million in 3Q 2004 to \$35.3 million in 3Q 2005. Group pre-tax profits increased by 39.5% from \$30.0 million in 3Q 2004 to \$41.9 million. The increase is mainly attributable to better operating profits as well as contribution from the associated company acquired during the year.

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

Group attributable profits increased by 52.1% from \$21.5 million in 3Q 2004 to \$32.7 million.

##### 9M 2005 versus 9M 2004

	9M 2005	9M 2004	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Ship Repair	392.9	338.3	54.6	16.1
Conversion	520.1	443.8	76.3	17.2
Rig Building	200.8	51.9	148.9	286.9
Shipbuilding	145.9	64.8	81.1	125.2
Other Activities	109.6	67.0	42.6	63.6
<b>9M Group Turnover</b>	<b>1,369.3</b>	<b>965.8</b>	<b>403.5</b>	<b>41.8</b>

Group turnover for 9M 2005 increased by 41.8% from \$965.8 million in 9M 2004 to \$1,369.3 million. The increase is mainly attributable to the growth across all business segments.

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

Group operating profits increased by 21.9% from \$75.0 million in 9M 2004 to \$91.4 million in 9M 2005. Group pre-tax profits increased by 38.3% from \$84.6 million in 9M 2004 to \$117.0 million. The increase is mainly attributable to better operating profits as well as contribution from the associated company acquired during the year.

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

Group attributable profits increased by 31.1% from \$69.5 million in 9M 2004 to \$91.1 million.

Group tax charge in 9M 2005 is higher than 9M 2004 mainly due to a \$4.0 million net write-back of prior years' tax over-provision, arising from a 2% reduction in corporate income tax rate in 9M 2004. Excluding this tax write-back last year, Group attributable profits actually increased 39.0% from \$65.6 million in 9M 2004 to \$91.1 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**

The Group has secured record contracts worth a total of \$4.2 billion with deliveries and completion till early 2010. The increase is 102 percent as compared with the \$2.1 billion worth of contracts secured for the year 2004. Total outstanding order book, excluding ship repair, stands at \$5.7 billion.

Based on the scheduled completion of projects, the Group expects current year's overall performance to be stronger than FY 2004.

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

Rig building demand is also expected to be strong attributed mainly to worldwide high utilisation and unprecedented high charter rates.

Overall, market outlook for all sectors in the marine and offshore industry is expected to be 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**  
**(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: 9M2005</b>					
<b>Turnover</b>					
Sales to external parties	1,277,749	-	91,564	-	1,369,313
Inter-segment sales	219,691	-	151,196	(370,887)	-
Consolidated sales	<u>1,497,440</u>	<u>-</u>	<u>242,760</u>	<u>(370,887)</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>
Investment 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 additions	95,598	-	3,051	-	98,649
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 assets	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	47,059	93	1,518	-	48,670
Provision for taxation	21,259	90	1,078	-	22,427
Total segment liabilities	<u>1,148,643</u>	<u>194</u>	<u>25,668</u>	<u>-</u>	<u>1,174,505</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: 9M2004</b>					
<b>Turnover</b>					
Sales to external parties	926,214	12,101	27,504	-	965,819
Inter-segment sales	155,024	143	69,531	(224,698)	-
Consolidated sales	<u>1,081,238</u>	<u>12,244</u>	<u>97,035</u>	<u>(224,698)</u>	<u>965,819</u>
<b>Results</b>					
<b>Segment results</b>	<b>63,161</b>	<b>7,915</b>	<b>3,931</b>	<b>-</b>	<b>75,007</b>
Exceptional items	(3,010)	-	-	-	(3,010)
Investment and interest income	10,253	277	9	-	10,539
Interest expenses	(1,553)	-	-	-	(1,553)
Share of results of associated companies & joint venture	3,775	1,195	(1,397)	-	3,573
Profit before taxation	72,626	9,387	2,543	-	84,556
Taxation	(12,528)	(32)	(296)	-	(12,856)
Profit after taxation	<u>60,098</u>	<u>9,355</u>	<u>2,247</u>	<u>-</u>	<u>71,700</u>
<b>Other information</b>					
Capital additions	44,148	-	152	-	44,300
Depreciation	24,834	1,559	921	-	27,314
<b>Other segment assets</b>	<b>1,266,400</b>	<b>21,830</b>	<b>43,626</b>	<b>-</b>	<b>1,331,856</b>
Interest bearing assets	333,538	10,649	4,296	-	348,483
Investments in associated companies & joint venture	48,831	4,193	2,470	-	55,494
Tax recoverable	-	-	118	-	118
Total segment assets	<u>1,648,769</u>	<u>36,672</u>	<u>50,510</u>	<u>-</u>	<u>1,735,951</u>
<b>Other segment liabilities</b>	<b>486,782</b>	<b>3,024</b>	<b>22,454</b>	<b>-</b>	<b>512,260</b>
Interest bearing liabilities	183,626	-	-	-	183,626
Deferred taxation	42,679	124	1,088	-	43,891
Provision for taxation	17,871	85	786	-	18,742
Total segment liabilities	<u>730,958</u>	<u>3,233</u>	<u>24,328</u>	<u>-</u>	<u>758,519</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>9M 2005 \$'000</b>	<b>9M 2004 \$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
Keppel Corporation Ltd and its associates	27,052	221
Neptune Orient Lines Ltd and its associates	1,320	793
SembCorp Industries Limited and its associates	2,752	999
PSA International Pte Ltd and its associates	2,162	-
<b>Transaction for the Purchase of Goods and</b>		
Keppel Corporation Ltd and its associates	-	2,351
Neptune Orient Lines Ltd and its associates	-	2,229
SembCorp Industries Limited and its associates	17,741	17,987
<b>Management and Support Services</b>		
SembCorp Industries Limited	150	750
Total Interested Person Transactions	<u>51,177</u>	<u>25,330</u>
<b>Treasury Transactions</b>		
<b>- Placement of Funds with/(from) (as at 30</b>		
SembCorp Industries Limited and its associates	25,112	7,440
SembCorp Industries Limited and its associates	-	(1,501)
<b>- Sales of Debt Securities (as at 30 September)</b>		
Neptune Orient Lines Ltd	-	54,280

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>9M 2005 \$'000</b>	<b>9M 2004 \$'000</b>
<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  
27 October 2005