



SEMBCORP MARINE LTD
Registration Number: 196300098Z

FIRST QUARTER ENDED 31 MARCH 2011 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2011.

1. CONSOLIDATED INCOME STATEMENT

		Group		
	Note	1Q 2011 \$'000	1Q 2010 \$'000	+ / (-) %
Turnover	1.1a	828,889	1,359,383	(39.0)
Cost of sales		(633,790)	(1,167,938)	(45.7)
Gross profit	1.1b	195,099	191,445	1.9
Other operating income	1.1c	5,543	3,747	47.9
Other operating expenses	1.1c	(2,856)	(10,780)	(73.5)
General and administrative expenses	1.1d	(31,667)	(24,831)	27.5
Operating profit		166,119	159,581	4.1
Dividend and interest income		2,002	14,163	(85.9)
Finance costs		(604)	(1,274)	(52.6)
Share of results of associates and joint ventures		12,551	12,421	1.0
Profit before income tax expense	1.2	180,068	184,891	(2.6)
Income tax expense	1.3	(28,182)	(33,212)	(15.1)
Profit for the period		151,886	151,679	0.1
Attributable to:				
Shareholders of the Company		150,630	148,811	1.2
Non-controlling interests	1.4	1,256	2,868	(56.2)
		151,886	151,679	0.1
Earnings per share (cents)	1.5			
Basic		7.25	7.21	0.6
Diluted		7.23	7.18	0.7

NOTES TO CONSOLIDATED INCOME STATEMENT:

1.1a Turnover

Group turnover for 1Q 2011 was lower at \$828.9 million from \$1,359.4 million in 1Q 2010. The decrease was mainly due to the lower revenue recognition from new jackup rig building projects which are still at the planning stage as compared to more turnkey semi-submersible rig building projects and resumption of revenue recognition upon completion and delivery of Petro Rig III in 1Q 2010.

1.1b Gross profit

Group gross profit was higher despite lower turnover primarily due to more non-turnkey projects, higher operational efficiency and productivity gains on execution of repeat rig orders.

1.1c Other operating income/(expenses)

	Note	Group		
		1Q 2011	1Q 2010	+ / (-)
		\$'000	\$'000	%
Foreign exchange loss, net	1.2c	(2,738)	(10,416)	(73.7)
Fair value adjustment on hedging instruments	1.2d	1,066	419	154.4
Other income	1.2e	4,477	3,328	34.5
Other expenses		<u>(118)</u>	<u>(364)</u>	(67.6)
		<u>2,687</u>	<u>(7,033)</u>	n.m.

Disclosed in Consolidated Income Statement as follows:

Other operating income		5,543	3,747	47.9
Other operating expenses		<u>(2,856)</u>	<u>(10,780)</u>	(73.5)
		<u>2,687</u>	<u>(7,033)</u>	n.m.

n.m. : not meaningful

1.1d General and administrative expenses

The higher general and administrative expenses in 1Q 2011 are mainly due to higher personnel related costs as compared to 1Q 2010.

1.5. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group		+ / (-) %
	1Q 2011	1Q 2010	
(i) Based on the weighted average number of shares (cents)	7.25	7.21	0.6
Weighted average number of shares	2,077,709,410	2,064,959,031	0.6
(ii) On a fully diluted basis (cents)	7.23	7.18	0.7
Adjusted weighted average number of shares	2,083,011,410	2,073,347,031	0.5

1.6. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	1Q 2011 \$'000	1Q 2010 \$'000
Profit for the period	151,886	151,679
Foreign currency translation differences	(11,062)	4,449
Net fair value changes of cash flow hedges	14,650	6,059
Net fair value changes of available-for-sale financial assets	(12,620)	12,303
Other comprehensive (expense)/income for the period	(9,032)	22,811
Total comprehensive income for the period	142,854	174,490
Attributable to:		
Shareholders of the Company	143,065	171,056
Non-controlling interests	(211)	3,434
Total comprehensive income for the period	142,854	174,490

2. BALANCE SHEETS

	Group		Company	
	31-Mar-2011 \$'000	31-Dec-2010 \$'000	31-Mar-2011 \$'000	31-Dec-2010 \$'000
Non-current Assets				
Property, plant and equipment	709,064	681,948	117,748	120,892
Investment properties	-	-	42,966	44,616
Investments in subsidiaries	-	-	456,601	482,616
Investments in associates and joint ventures	316,865	306,956	107,369	107,369
Other long-term investments	272,532	286,856	184,734	195,561
Long-term trade receivables	9,901	10,845	9,888	10,832
Other long-term receivables	59,859	54,525	48,752	59,573
Intangible assets	23,159	6,127	122	122
Deferred tax assets	47	47	-	-
Derivative financial assets	33,887	31,714	-	-
Total Non-current Assets	1,425,314	1,379,018	968,180	1,021,581
Current Assets				
Inventories and work-in-progress	958,643	750,749	-	-
Trade receivables	149,527	153,397	62,049	17,903
Other receivables, deposits and prepayments	42,627	40,104	8,251	8,381
Derivative financial assets	55,091	40,805	-	-
Bank balances, fixed deposits and cash	2,713,406	2,915,097	198,461	169,011
Total Current Assets	3,919,294	3,900,152	268,761	195,295
Current Liabilities				
Trade payables	1,475,715	1,453,815	29,840	43,023
Other payables	8,691	8,429	53,723	60,481
Provisions	55,161	55,383	-	-
Progress billings in excess of work-in-progress	582,432	645,704	-	-
Derivative financial liabilities	62	101	-	-
Provision for taxation	278,720	277,341	2,831	1,993
Interest-bearing borrowings	5,000	8,000	-	-
Total Current Liabilities	2,405,781	2,448,773	86,394	105,497
Net Current Assets	1,513,513	1,451,379	182,367	89,798
Total Assets less Current Liabilities	2,938,827	2,830,397	1,150,547	1,111,379
Non-current Liabilities				
Deferred tax liabilities	106,001	103,909	42,771	43,842
Other long-term payables	8,788	8,804	-	-
Other provisions	30,658	30,758	27,895	27,895
Total Non-current Liabilities	145,447	143,471	70,666	71,737
	2,793,380	2,686,926	1,079,881	1,039,642
Equity attributable to shareholders of the Company				
Share capital	461,660	456,561	461,660	456,561
Reserves	2,256,912	2,142,842	618,221	583,081
	2,718,572	2,599,403	1,079,881	1,039,642
Non-controlling interests	74,808	87,523	-	-
Total equity	2,793,380	2,686,926	1,079,881	1,039,642

NOTES TO GROUP BALANCE SHEETS:

2a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-Mar-2011		As at 31-Dec-2010	
Secured	Unsecured	Secured	Unsecured
5,000,000	-	8,000,000	-

Amount repayable after one year

As at 31-Mar-2011		As at 31-Dec-2010	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of Collateral

Borrowing amounting to \$5,000,000 (31 December 2010: \$8,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Mar-2011	Dec-2010	+ / (-) %	Mar-2011	Dec-2010	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	130.67	125.10	4.5	51.90	50.03	3.7

2c. Explanatory Notes to Balance Sheets

(i) Group

Intangible assets

'Intangible assets' increased significantly due to the purchase of engineering designs.

Inventories and work-in-progress

'Inventories and work-in-progress' increased significantly mainly due to increase in rig building projects.

Derivative financial assets and Derivative financial liabilities

'Derivative financial assets' increased significantly and 'Derivative financial liabilities' decreased mainly due to fair value gain on foreign currency forward contracts.

Interest-bearing borrowings

'Interest-bearing borrowings' decreased mainly due to the repayment of borrowings.

(ii) Company

Other long-term receivables and Bank balances, fixed deposits and cash

'Other long-term receivables' decreased and 'Bank balances, fixed deposits and cash' increased mainly due to repayment of loan by subsidiaries.

Trade receivables, Trade payables and Other payables

'Trade receivables' increased and 'Trade payables' and 'Other payables' decreased mainly due to timing of receipts and payments respectively with its subsidiaries.

Provision for taxation

'Provision for taxation' increased due to the provision for income tax for 1Q 2011 profit.

3. CONSOLIDATED CASH FLOW STATEMENT

	Group	
	1Q 2011	1Q 2010
	\$'000	\$'000
Cash flows from operating activities:		
Operating profit	166,119	159,581
Adjustments for:		
Depreciation of property, plant and equipment, net	20,238	20,540
Gain on disposal of property, plant and equipment, net	(81)	(167)
Property, plant and equipment written off	2	131
Share-based payment expenses	3,521	2,939
Fair value adjustment on hedging instruments	(1,066)	(419)
Operating profit before working capital changes	<u>188,733</u>	<u>182,605</u>
Changes in working capital:		
(Increase)/decrease in inventories and work-in-progress	(271,166)	234,132
Increase in receivables	(3,031)	(33,104)
Increase/(decrease) in payables	28,106	(7,796)
Cash (used in)/generated from operations	(57,358)	375,837
Investment and interest income received	2,034	14,189
Interest paid	(163)	(184)
Income tax paid	(24,544)	(28,383)
Net cash (outflow)/inflow from operating activities	(80,031)	361,459
Cash flows from investing activities:		
Purchase of property, plant and equipment	(49,076)	(6,630)
Proceeds from sale of property, plant and equipment	122	167
Purchase of intangible assets	(17,032)	-
Net cash outflow from investing activities	(65,986)	(6,463)
Cash flows from financing activities:		
Repayment of borrowings	(3,000)	(3,000)
Proceeds from share options exercised	4,859	4,349
Purchase of treasury shares	(31,152)	-
Dividend paid to non-controlling interests of subsidiaries	(12,504)	(418)
Net cash (outflow)/inflow from financing activities	(41,797)	931
Net (decrease)/increase in cash and cash equivalents	(187,814)	355,927
Cash and cash equivalents at beginning of period	2,915,097	1,978,548
Effect of exchange rate changes on balances held in foreign currency	(13,877)	2,592
Cash and cash equivalents at end of period	<u>2,713,406</u>	<u>2,337,067</u>

NOTES TO CONSOLIDATED CASH FLOW STATEMENT:

3a. Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statement comprise the following balance sheet amounts:

	31-Mar-2011	31-Mar-2010
	\$'000	\$'000
Fixed deposits	2,338,292	1,900,809
Bank balances and cash	375,114	436,258
	<u>2,713,406</u>	<u>2,337,067</u>

3b. Explanatory Notes to Consolidated Cash Flow Statement

Cash flows from operating activities before changes in working capital increased from \$182.6 million in 1Q 2010 to \$188.7 million in 1Q 2011. Net cash outflow from operating activities for 1Q 2011 was \$80.0 million mainly due to an increase in working capital for the ongoing projects.

Net cash outflow from investing activities for 1Q 2011 was \$66.0 million. The Group spent \$49.1 million on expansion and operational capital expenditures and \$17.0 million on intangible assets in 1Q 2011.

Net cash outflow from financing activities for 1Q 2011 was \$41.8 million. It relates mainly to purchase of treasury shares and dividend paid to non-controlling interests of a subsidiary.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

GROUP	Attributable to shareholders of the Company						Total \$'000	Non- controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000			
1Q 2011									
At 1 January 2011	456,561	-	25,574	(65,147)	215,461	1,966,954	2,599,403	87,523	2,686,926
Total comprehensive income									
Profit for the period	-	-	-	-	-	150,630	150,630	1,256	151,886
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	(9,595)	-	-	(9,595)	(1,467)	(11,062)
Net fair value changes of cash flow hedges	-	-	-	-	14,650	-	14,650	-	14,650
Net fair value changes of available-for-sale financial assets	-	-	-	-	(12,620)	-	(12,620)	-	(12,620)
Total other comprehensive income	-	-	-	(9,595)	2,030	-	(7,565)	(1,467)	(9,032)
Total comprehensive income	-	-	-	(9,595)	2,030	150,630	143,065	(211)	142,854
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	5,099	-	-	-	(240)	-	4,859	-	4,859
Purchase of treasury shares	-	(31,152)	-	-	-	-	(31,152)	-	(31,152)
Issuance of treasury shares	-	29,321	-	-	(29,352)	-	(31)	-	(31)
Dividend paid	-	-	-	-	-	-	-	(12,504)	(12,504)
Cost of share-based payment - charged to income statement	-	-	-	-	2,428	-	2,428	-	2,428
Total transactions with equity holders	5,099	(1,831)	-	-	(27,164)	-	(23,896)	(12,504)	(36,400)
At 31 March 2011	461,660	(1,831)	25,574	(74,742)	190,327	2,117,584	2,718,572	74,808	2,793,380

4a. **Statements of Changes in Equity for the Group (cont'd)**

GROUP	Attributable to shareholders of the Company						Total	Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1Q 2010									
At 1 January 2010	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408
Total comprehensive income									
Profit for the period	-	-	-	-	-	148,811	148,811	2,868	151,679
Other comprehensive income									
Foreign currency translation differences	-	-	-	4,013	-	-	4,013	436	4,449
Net fair value changes of cash flow hedges	-	-	-	-	5,929	-	5,929	130	6,059
Net fair value changes of available-for-sale financial assets	-	-	-	-	12,303	-	12,303	-	12,303
Total other comprehensive income	-	-	-	4,013	18,232	-	22,245	566	22,811
Total comprehensive income	-	-	-	4,013	18,232	148,811	171,056	3,434	174,490
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	579	-	-	-	-	-	579	-	579
Issuance of treasury shares	-	25,449	-	-	(21,775)	-	3,674	-	3,674
Dividend paid	-	-	-	-	-	-	-	(418)	(418)
Cost of share-based payment - charged to income statement	-	-	-	-	2,121	-	2,121	-	2,121
Total transactions with equity holders	579	25,449	-	-	(19,654)	-	6,374	(418)	5,956
At 31 March 2010	443,926	-	25,325	(26,461)	51,691	1,567,019	2,061,500	79,354	2,140,854

4b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1Q 2011						
At 1 January 2011	456,561	-	960	127,948	454,173	1,039,642
Total comprehensive income						
Profit for the period	-	-	-	-	73,860	73,860
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	(9,756)	-	(9,756)
Total other comprehensive income	-	-	-	(9,756)	-	(9,756)
Total comprehensive income	-	-	-	(9,756)	73,860	64,104
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	5,099	-	-	(240)	-	4,859
Purchase of treasury shares	-	(31,152)	-	-	-	(31,152)
Issuance of treasury shares	-	29,321	-	(29,321)	-	-
Cost of share-based payment						
- charged to income statement	-	-	-	552	-	552
- issued to employees of subsidiaries	-	-	-	1,876	-	1,876
Total transactions with equity holders	5,099	(1,831)	-	(27,133)	-	(23,865)
At 31 March 2011	461,660	(1,831)	960	91,059	528,033	1,079,881

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1Q 2010						
At 1 January 2010	443,347	(25,449)	960	64,541	510,638	994,037
Total comprehensive income						
Profit for the period	-	-	-	-	17,422	17,422
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	12,012	-	12,012
Total other comprehensive income	-	-	-	12,012	-	12,012
Total comprehensive income	-	-	-	12,012	17,422	29,434
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	579	-	-	-	-	579
Issuance of treasury shares	-	25,449	-	(21,679)	-	3,770
Cost of share-based payment						
- charged to income statement	-	-	-	406	-	406
- issued to employees of subsidiaries	-	-	-	1,722	-	1,722
Total transactions with equity holders	579	25,449	-	(19,551)	-	6,477
At 31 March 2010	443,926	-	960	57,002	528,060	1,029,948

4c. Changes in the Company's share capital

Issued and Paid Up Capital

During 1Q 2011, the Company issued 2,990,442 (1Q 2010: 271,952) ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP") and upon the vesting of restricted shares under the Company's Restricted Stock Plan ("RSP").

As at 31 March 2011, the Company's issued and paid up capital, excluding treasury shares comprises 2,080,547,584 (31 December 2010: 2,077,902,979) ordinary shares.

Share Options

During 1Q 2011, 2,878,010 share options under the SOP were exercised and settled by way of issuance of new shares (1Q 2010: 271,952 share options exercised were settled by way of issuance of new shares and 2,162,163 share options exercised were settled by way of issuance of treasury shares).

As at 31 March 2011, there were 8,602,964 (31 March 2010: 17,755,803) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 1Q 2011, 932,084 (1Q 2010: 1,215,200) performance shares were released under the Company's Performance Share Plan ("PSP") and 242,916 (1Q 2010: Nil) performance shares lapsed.

In 1Q 2011, there were additional 385,000 (1Q 2010: 235,200) performance shares awarded for the over-achievement of the performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2011 was 1,180,000 (31 March 2010: 1,335,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,770,000 (31 March 2010: 2,002,500) performance shares.

Restricted Shares

During 1Q 2011, 4,717,679 (1Q 2010: 3,705,182) restricted shares were released under the RSP and 632,402 (1Q 2010: 33,212) restricted shares lapsed.

In 1Q 2011, there were additional 1,641,205 (1Q 2010: 1,675,250) restricted shares awarded for the over-achievement of the performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 March 2011, was 7,671,427 (31 March 2010: 8,343,818). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2011 was 3,302,000 (31 March 2010: 3,339,830). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,953,000 (31 March 2010: 5,009,745) restricted shares.

Treasury Shares

During 1Q 2011, the Company acquired 5,883,168 (1Q 2010: Nil) ordinary shares in the Company by way of on-market purchases and re-issued 5,537,331 treasury shares pursuant to the PSP and RSP (1Q 2010: 7,082,545 treasury shares pursuant to the SOP, PSP and RSP).

As at 31 March 2011, 345,837 (31 March 2010: Nil) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

5. AUDIT

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. These procedures are substantially less in scope than an audit or a review in accordance with Singapore Standard on Review Engagements (SSRE) 2410.

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

Except as disclosed in paragraph 8 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2010.

8. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2011.

Amendments to FRS 24	Related party disclosures
Amendments to FRS 32	Financial instruments: Presentation – Classification of rights issues
Amendments to INT FRS 114	Prepayments of a minimum funding requirement
INT FRS 119	Extinguishing financial liabilities with equity instruments
Improvements to FRSs 2010	

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

9. REVIEW OF GROUP PERFORMANCE

Group Turnover

	1Q 2011 \$'m	1Q 2010 \$'m	+ / (-) \$'m	+ / (-) %
Rig Building	318.7	886.5	(567.8)	(64.0)
Offshore and Conversion	356.2	319.8	36.4	11.4
Repair	145.1	143.7	1.4	1.0
Other Activities	8.9	9.4	(0.5)	(5.3)
	828.9	1,359.4	(530.5)	(39.0)

Group turnover for 1Q 2011 was lower at \$828.9 million from \$1,359.4 million in 1Q 2010. The decrease was mainly due to the new jackup rig building projects, secured since 4Q 2010, still at the planning stage as compared to more turnkey semi-submersible rig building projects and resumption of revenue recognition upon completion and delivery of Petro Rig III in 1Q 2010.

Group Profit Attributable to Shareholders of the Company

Group profit attributable to shareholders of the Company for 1Q 2011 grew 1.2% to \$150.6 million from \$148.8 million in 1Q 2010 is mainly due to improved margins driven by higher operational efficiency and productivity gains on execution of repeat rig orders.

10. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

11. PROSPECTS

The Group has a net order book of S\$5.2 billion with completion and deliveries stretching till first quarter of 2014. This includes S\$1.5 billion in contract orders secured since the start of 2011, excluding ship repair contracts.

The fundamentals driving the offshore oil industry remain intact given the increase in the exploration and production (E&P) spending budgets of major oil companies and firm oil prices. While the world economy is showing signs of steady improvement that provides support for increasing longer-term energy demand, short-term demand may be affected by recent events in the Middle East, North Africa and Japan.

The market for premium jack-up rigs continues to improve with oil companies remaining focused on safety and efficiency gains offered by newer and higher specification units. The bifurcation in utilisation and pricing between older jack-ups and newer premium jack-ups is expected to continue with the trend of replacing older equipment with new equipment holding strong. The Group has secured 4 units of high specification jack-up rigs in 1Q 2011 for a total value of US\$1.1 billion. This together with the 7 units secured in 4Q 2010, results in a total value of US\$2.4 billion, excluding the value of 8 options.

With the resumption of the issue of deepwater drilling permits for the US Gulf of Mexico, deepwater drilling activities in the region are expected to resume and improve, albeit slowly. Deepwater drilling activities for the rest of the world are expected to increase with strong growth in demand for drilling in Brazil and West Africa. With oil companies continuing to focus on new technically superior dynamically positioned deepwater units, Sembcorp Marine will leverage on the opportunities in this sector given its strong track record and proven expertise.

The ship repair market continues to improve with continued demand for bigger docks. The Group has secured several additional long-term contracts from existing and new customers which will provide a stable base-load for the Group's ship repair sector.

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.

12. DIVIDEND

No interim dividend for the period ended 31 March 2011 is recommended.

13. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<i>(i) By business segment: 1Q 2011</i>					
<u>Turnover</u>					
Sales to external parties	823,136	-	5,753	-	828,889
Inter-segment sales	-	-	42,041	(42,041)	-
Total	823,136	-	47,794	(42,041)	828,889
<u>Results</u>					
Segment results	164,749	(62)	1,432	-	166,119
Dividend and interest income	1,991	-	11	-	2,002
Finance costs	(604)	-	-	-	(604)
Share of results of associates and joint ventures	12,242	303	6	-	12,551
Profit before income tax expense	178,378	241	1,449	-	180,068
Income tax expense	(29,518)	1,496	(160)	-	(28,182)
Profit for the period	148,860	1,737	1,289	-	151,886
<u>Assets</u>					
Segment assets	4,961,265	14,687	51,744	-	5,027,696
Investments in associates and joint ventures	283,576	32,760	529	-	316,865
Deferred tax assets	-	-	47	-	47
Total assets	5,244,841	47,447	52,320	-	5,344,608
<u>Liabilities</u>					
Segment liabilities	2,141,705	7	24,795	-	2,166,507
Deferred tax liabilities	105,446	-	555	-	106,001
Provision for taxation	277,697	-	1,023	-	278,720
Total liabilities	2,524,848	7	26,373	-	2,551,228
<u>Capital expenditure</u>	66,108	-	-	-	66,108
<u>Significant non-cash item</u>					
Depreciation	19,948	-	290	-	20,238

13. **SEGMENTAL REPORTING (Cont'd)**

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<i>(i) By business segment: 1Q 2010</i>					
Turnover					
Sales to external parties	1,354,670	-	4,713	-	1,359,383
Inter-segment sales	-	-	27,216	(27,216)	-
Total	1,354,670	-	31,929	(27,216)	1,359,383
Results					
Segment results	158,179	18	1,384	-	159,581
Dividend and interest income	14,158	-	5	-	14,163
Finance costs	(1,274)	-	-	-	(1,274)
Share of results of associates and joint ventures	11,665	746	10	-	12,421
Profit before income tax expense	182,728	764	1,399	-	184,891
Income tax expense	(33,062)	(98)	(52)	-	(33,212)
Profit for the period	149,666	666	1,347	-	151,679
Assets					
Segment assets	4,664,019	15,257	46,210	-	4,725,486
Investments in associates and joint ventures	250,751	28,059	541	-	279,351
Deferred tax assets	-	-	47	-	47
Tax recoverable	1,714	-	1	-	1,715
Total assets	4,916,484	43,316	46,799	-	5,006,599
Liabilities					
Segment liabilities	2,523,038	11	17,433	-	2,540,482
Deferred tax liabilities	68,822	-	456	-	69,278
Provision for taxation	253,944	525	1,516	-	255,985
Total liabilities	2,845,804	536	19,405	-	2,865,745
Capital expenditure	6,627	-	3	-	6,630
Significant non-cash items					
Depreciation	20,250	-	290	-	20,540

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

13. SEGMENTAL REPORTING (Cont'd)

(ii) *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 \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Total \$'000
<u>1Q 2011</u>					
Turnover from external customers	88,586	76,934	464,102	199,267	828,889
Segment assets	4,870,170	148,428	39	9,059	5,027,696
Total assets	4,903,506	432,004	39	9,059	5,344,608
Capital expenditure	65,775	328	-	5	66,108
<u>1Q 2010</u>					
Turnover from external customers	279,915	307,873	636,207	135,388	1,359,383
Segment assets	4,562,501	155,338	27	7,620	4,725,486
Total assets	4,592,863	406,089	27	7,620	5,006,599
Capital expenditure	6,043	587	-	-	6,630

13a. Review of segment performance

Please refer to paragraph 9.

14. **INTERESTED PERSON TRANSACTIONS**

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

	1Q 2011 \$'000	1Q 2010 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	1,163	552
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	7,154	7,082
Management and Support Services		
Sembcorp Industries Limited	63	63
Total Interested Person Transactions	8,380	7,697

15. **CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the first quarter ended 31 March 2011 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

**KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES**

9 May 2011