SEMBCORP MARINE LTD
Registration Number: 196300098Z

FIRST QUARTER ENDED 31 MARCH 2012 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

TABLE OF CONTENTS

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SEMBCORP MARINE LTD

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 2012.

1. CONSOLIDATED INCOME STATEMENT

		Group		
		1Q 2012	1Q 2011	+ / (-)
	Note	$'000	$'000	%
Turnover	2a	**942,564**	**828,889**	**13.7**
Cost of sales	2a	(785,466)	(633,790)	23.9
Gross profit	2a	**157,098**	**195,099**	**(19.5)**
Other operating income	2b	9,469	5,543	70.8
Other operating expenses	2b	(11,909)	(2,856)	n.m.
General and administrative expenses	2c	(34,453)	(31,667)	8.8
Operating profit		**120,205**	**166,119**	**(27.6)**
Dividend and interest income	2d	10,215	2,002	n.m.
Finance costs	2e	(643)	(604)	6.5
Non-operating income	2f	46	-	n.m.
Share of results of associates and joint ventures	2g	13,686	12,551	9.0
Profit before income tax expense		**143,509**	**180,068**	**(20.3)**
Income tax expense	2h	(26,600)	(28,182)	(5.6)
Profit for the period		**116,909**	**151,886**	**(23.0)**
Attributable to:				
Owners of the Company		**113,085**	**150,630**	**(24.9)**
Non-controlling interests	2i	3,824	1,256	n.m.
		116,909	**151,886**	**(23.0)**
Earnings per share (cents)	2j			
Basic		5.43	7.25	(25.1)
Diluted		5.42	7.23	(25.0)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	Group		
	1Q 2012	**1Q 2011**	**+ / (-)**
	$'000	**$'000**	**%**
Turnover	942,564	828,889	13.7
Cost of sales	(785,466)	(633,790)	23.9
Gross profit	157,098	195,099	(19.5)
Included in cost of sales:			
Depreciation and amortisation	(19,179)	(18,513)	3.6
Allowance for inventory obsolescence, net	(34)	(34)	-

Group turnover for 1Q 2012 increased 13.7% to $942.6 million mainly due to the Group achieving initial percentage of completion ("POC") revenue recognition for rig building as well as ship conversion and offshore projects, as compared to lower revenue recognition from new rig building projects which are still at the planning stage in 1Q 2011.

Group gross profit for 1Q 2012 was lower primarily due to the initial lower margin from new design rigs.

2b. Other operating income/(expenses)

		Group		
		1Q 2012	**1Q 2011**	**+ / (-)**
		$'000	**$'000**	**%**
Other operating income		9,469	5,543	70.8
Other operating expenses		(11,909)	(2,856)	n.m.
		(2,440)	2,687	n.m.
Included in other operating income/(expenses):				
Foreign exchange loss, net	(i)	(11,698)	(2,738)	n.m.
Fair value adjustment on hedging instruments	(ii)	4,188	1,066	n.m.
Gain on disposal of property, plant and equipment, net		104	81	28.4
Other income	(iii)	5,177	4,396	17.8
Other expenses	(iv)	(211)	(118)	78.8
		(2,440)	2,687	n.m.

(i) Foreign exchange loss, net in 1Q 2012 mainly arose from the revaluation of assets denominated in United States dollar to Singapore dollar.

(ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

(iii) Other income increased in 1Q 2012 was mainly due to higher rental income.

(iv) Other expenses increased in 1Q 2012 was mainly due to higher miscellaneous expenses.

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2c. General and administrative expenses

	Group		
	1Q 2012	**1Q 2011**	**+ / (-)**
	$'000	**$'000**	**%**
General and administrative expenses	(34,453)	(31,667)	8.8
Included in general and administrative expenses:			
Depreciation and amortisation	(2,032)	(1,725)	17.8
(Allowance for)/write-back of doubtful debts/bad debts, net	(85)	78	n.m.

The higher general and administrative expenses in 1Q 2012 are mainly due to higher personnel related costs as compared with the corresponding period in 2011.

2d. Dividend and interest income

		Group		
		1Q 2012	**1Q 2011**	**+ / (-)**
		$'000	**$'000**	**%**
Dividend and interest income		10,215	2,002	n.m.
Included in dividend and interest income:				
Dividend income		1	-	n.m.
Interest income	(i)	10,214	2,002	n.m.
		10,215	2,002	n.m.

(i) Higher interest income in 1Q 2012 was attributable mainly to interest received for deferred payment granted to customers.

2e. Finance costs

Finance costs in 1Q 2012 are mainly due to financing commitment and facility fees incurred.

2f. Non-operating income

Non-operating income in 1Q 2012 are due to gain on disposal of other long-term equity investment.

2g. Share of results of associates and joint ventures

The increases in the share of results of associates and joint ventures in 1Q 2012 are mainly due to higher contribution from a joint venture.

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2h. Income tax expense

	Group		
	1Q 2012 $'000	1Q 2011 $'000	+ / (-) %
Income tax expenses	(26,600)	(28,182)	(5.6)
Included in income tax expenses:			
Write back of over-provision of tax in respect of prior years, net	18	2,320	n.m.

2i. Non-controlling interests

On 15 May 2010, the Company commenced proceedings in the High Court of Singapore against PPL Holdings Pte Ltd and its wholly owned subsidiary, E-Interface Holdings Limited to seek the transfer the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. Pending the outcome of the Court's decision, the Group has continued to consolidate its 85 per cent interest in PPLS and separately accounted for the 15 per cent as a "non-controlling interest".

2j. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group 1Q 2012	1Q 2011	+ / (-) %
(i) Based on the weighted average number of shares (cents)	5.43	7.25	(25.1)
Weighted average number of shares ('000)	2,082,962	2,077,709	0.3
(ii) On a fully diluted basis (cents)	5.42	7.23	(25.0)
Adjusted weighted average number of shares ('000)	2,084,793	2,083,011	0.1

2k. Profitability ratios

	Group		
	1Q 2012	1Q 2011	+ / (-) %
Profit after taxation as a percentage of Turnover	12.40%	18.32%	(32.3)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	4.40%	5.54%	(20.6)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		
		1Q 2012	1Q 2011	+ / (-)
		$'000	$'000	%
Profit for the period		**116,909**	**151,886**	**(23.0)**
Foreign currency translation differences	(i)	(25,713)	(11,062)	n.m.
Net fair value changes of cash flow hedges	(ii)	31,745	14,650	n.m.
Net fair value changes of available-for-sale financial assets	(iii)	32,682	(12,620)	n.m.
Other comprehensive income for the period		38,714	(9,032)	n.m.
Total comprehensive income for the period		**155,623**	**142,854**	**8.9**
Attributable to:				
Owners of the Company		154,386	143,065	7.9
Non-controlling interests		1,237	(211)	n.m.
Total comprehensive income for the period		**155,623**	**142,854**	**8.9**

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

(i) The translation loss in 1Q 2012 arose from the weakening United States dollar and Renminbi against Singapore dollar.

(ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts.

(iii) Fair value changes were mainly attributable to the higher quoted prices of available-for-sale assets.

4. BALANCE SHEETS

	Group		Company	
	31-Mar-2012	31-Dec-2011	31-Mar-2012	31-Dec-2011
	$'000	$'000	$'000	$'000
Non-current Assets				
Property, plant and equipment	1,106,405	1,034,345	108,610	111,418
Investment properties	-	-	36,365	38,014
Investments in subsidiaries	-	-	451,144	448,975
Investments in associates and joint ventures	392,638	380,065	107,369	107,369
Other long-term investments	164,732	126,956	116,547	90,413
Long-term trade receivables	6,144	7,301	25,548	26,532
Other long-term receivables	65,023	65,220	46,752	48,752
Intangible assets	36,168	36,996	122	122
Deferred tax assets	50	1,894	-	-
Derivative financial assets	6,069	-	-	-
Total Non-current Assets	1,777,229	1,652,777	892,457	871,595
Current Assets				
Inventories and work-in-progress	980,241	926,248	-	-
Trade receivables	351,997	420,842	38,434	36,634
Other receivables, deposits and prepayments	61,613	59,639	6,809	7,052
Derivative financial assets	27,656	2,528	-	-
Cash and cash equivalents	1,837,815	1,989,612	125,065	126,808
Total Current Assets	3,259,322	3,398,869	170,308	170,494
Current Liabilities				
Trade payables	1,524,540	1,777,139	26,091	36,912
Other payables	10,691	9,254	33,161	33,096
Provisions	44,331	47,334	-	-
Progress billings in excess of work-in-progress	429,130	352,445	-	-
Derivative financial liabilities	-	4,993	-	-
Provision for taxation	186,525	173,976	1,808	1,554
Interest-bearing borrowings	34,090	35,111	-	-
Total Current Liabilities	2,229,307	2,400,252	61,060	71,562
Net Current Assets	1,030,015	998,617	109,248	98,932
	2,807,244	2,651,394	1,001,705	970,527
Non-current Liabilities				
Deferred tax liabilities	95,607	85,197	30,773	27,381
Derivative financial liabilities	-	13,659	-	-
Other long-term payables	15,662	16,116	-	-
Other provisions	30,228	30,342	27,895	27,895
Total Non-current Liabilities	141,497	145,314	58,668	55,276
	2,665,747	2,506,080	943,037	915,251
Equity attributable to owners of the Company				
Share capital	479,176	470,596	479,176	470,596
Reserves	2,093,511	1,943,661	463,861	444,655
	2,572,687	2,414,257	943,037	915,251
Non-controlling interests	93,060	91,823	-	-
Total equity	2,665,747	2,506,080	943,037	915,251

4. BALANCE SHEETS (Cont'd)

4a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-Mar-2012		As at 31-Dec-2011	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
-	34,090	-	35,111

4b. Net asset value

	Group		Company	
	31-Mar-2012	31-Dec-2011	31-Mar-2012	31-Dec-2011
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	123.20	115.92	45.16	43.95

4c. Explanatory notes to Balance Sheets

(i) Group

Other long-term investments, Deferred tax assets and Deferred tax liabilities

'Other long-term investments' and 'Deferred tax liabilities' increased and 'Deferred tax assets' decreased mainly due to mark-to-market adjustments of quoted equity shares in Cosco Corporation (S) Ltd.

Long-term trade receivables

'Long-term trade receivables' decreased mainly due to collections from finance lease receivables.

Derivative financial assets and Derivative financial liabilities

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

Trade receivables, Trade payables and Other payables

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

Progress billings in excess of work-in-progress

'Progress billings in excess of work-in-progress' increased significantly mainly due to payment terms of rig building projects.

(ii) Company

Other long-term investments and Deferred tax liabilities

'Other long-term investments' and 'Deferred tax liabilities' increased mainly due to mark-to-market adjustments of quoted equity shares.

Trade payables

'Trade payables' decreased mainly due to payments made.

Provision for taxation

'Provision for taxation' increased mainly due to current year tax provision.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q 2012 $'000	1Q 2011 $'000
Cash flows from Operating Activities:		
Operating profit	120,205	166,119
Adjustments for:		
Depreciation of property, plant and equipment, net	20,372	20,238
Amortisation of intangible assets	839	-
Gain on disposal of property, plant and equipment, net	(104)	(81)
Property, plant and equipment written off	388	2
Share-based payment expenses	5,660	3,521
Fair value adjustment on hedging instruments	(4,188)	(1,066)
Operating profit before working capital changes	143,172	188,733
Changes in working capital:		
Inventories and work-in-progress	22,692	(271,166)
Trade and other receivables	68,196	(3,031)
Trade and other payables	(274,832)	28,106
Cash used in operations	(40,772)	(57,358)
Investment and interest income received	10,240	2,034
Interest paid	(105)	(163)
Income tax paid	(10,532)	(24,544)
Net cash outflow from operating activities	(41,169)	(80,031)
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(96,024)	(49,076)
Proceeds from sale of property, plant and equipment	107	122
Proceeds from sale of other investment	349	-
Purchase of intangible assets	(11)	(17,032)
Investment in associate	(10,000)	-
Net cash outflow from investing activities	(105,579)	(65,986)
Cash flows from Financing Activities:		
Repayment of borrowings	-	(3,000)
Proceeds from share options exercised	1,427	4,859
Purchase of treasury shares	-	(31,152)
Dividends paid to non-controlling interests of subsidiaries	-	(12,504)
Net cash inflow/(outflow) from financing activities	1,427	(41,797)
Net decrease in cash and cash equivalents	(145,321)	(187,814)
Cash and cash equivalents at beginning of the period	1,989,612	2,915,097
Effect of exchange rate changes on balances held in foreign currency	(6,476)	(13,877)
Cash and cash equivalents at end of the period	1,837,815	2,713,406

5. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

5a. Cash and cash equivalents

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

	31-Mar-2012	31-Mar-2011
	$'000	$'000
Fixed deposits	1,132,746	2,338,292
Bank balances and cash	705,069	375,114
	1,837,815	2,713,406

5b. Explanatory notes to Consolidated Statement of Cash Flows

(i) First Quarter

Cash flows from operating activities before changes in working capital was $143.2 million in 1Q 2012. Net cash outflow from operating activities for 1Q 2012 decreased to $41.2 million mainly due to a decrease in working capital for the ongoing projects.

Net cash outflow from investing activities for 1Q 2012 was $105.6 million. The Group spent $96.0 million on expansion and operational capital expenditures, mainly for the Integrated New Yard facility in Tuas View Extension and $10.0 million on investment in associate in 1Q 2012.

Net cash inflow from financing activities for 1Q 2012 was $1.4 million. It relates mainly to proceeds from share options exercised.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company								
	Share capital	**Reserve for own shares**	**Capital reserves**	**Foreign currency translation reserve**	**Other reserves**	**Revenue reserve**	**Total**	**Non-controlling interests**	**Total Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
1Q 2012									
At 1 January 2012	**470,596**	**(10,555)**	**25,574**	**(52,796)**	**13,082**	**1,968,356**	**2,414,257**	**91,823**	**2,506,080**
Total comprehensive income									
Profit for the period	-	-	-	-	-	113,085	113,085	3,824	116,909
Other comprehensive income									
Foreign currency translation differences	-	-	-	(23,126)	-	-	(23,126)	(2,587)	(25,713)
Net fair value changes of cash flow hedges	-	-	-	-	31,745	-	31,745	-	31,745
Net fair value changes of available-for-sale financial assets	-	-	-	-	32,682	-	32,682	-	32,682
Total other comprehensive income	-	-	-	(23,126)	64,427	-	41,301	(2,587)	38,714
Total comprehensive income	**-**	**-**	**-**	**(23,126)**	**64,427**	**113,085**	**154,386**	**1,237**	**155,623**
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	8,580	-	-	-	-	-	8,580	-	8,580
Issuance of treasury shares	-	10,555	-	-	(17,719)	-	(7,164)	-	(7,164)
Cost of share-based payment - charged to profit or loss	-	-	-	-	2,628	-	2,628	-	2,628
Total transactions with owners	**8,580**	**10,555**	**-**	**-**	**(15,091)**	**-**	**4,044**	**-**	**4,044**
At 31 March 2012	**479,176**	**-**	**25,574**	**(75,922)**	**62,418**	**2,081,441**	**2,572,687**	**93,060**	**2,665,747**
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
Other comprehensive income									
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 owners of the Company, recognised 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)
Dividends paid	-	-	-	-	-	-	-	(12,504)	(12,504)
Cost of share-based payment - charged to profit or loss	-	-	-	-	2,428	-	2,428	-	2,428
Total transactions with owners	**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**

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6b. Statements of Changes in Equity of the Company

	Share capital $'000	Reserve for own shares $'000	Capital reserves $'000	Other reserves $'000	Revenue reserve $'000	Total Equity $'000
1Q 2012						
At 1 January 2012	**470,596**	**(10,555)**	**960**	**24,767**	**429,483**	**915,251**
Total comprehensive income						
Profit for the period	-	-	-	-	686	686
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	23,045	-	23,045
Total other comprehensive income	-	-	-	23,045	-	23,045
Total comprehensive income	**-**	**-**	**-**	**23,045**	**686**	**23,731**
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	8,580	-	-	-	-	8,580
Issuance of treasury shares	-	10,555	-	(17,708)	-	(7,153)
Cost of share-based payment						
- charged to profit or loss	-	-	-	459	-	459
- issued to employees of subsidiaries	-	-	-	2,169	-	2,169
Total transactions with owners	**8,580**	**10,555**	**-**	**(15,080)**	**-**	**4,055**
At 31 March 2012	**479,176**	**-**	**960**	**32,732**	**430,169**	**943,037**

	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
Other comprehensive income						
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 owners of the Company, recognised 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 profit or loss	-	-	-	552	-	552
- issued to employees of subsidiaries	-	-	-	1,876	-	1,876
Total transactions with owners	**5,099**	**(1,831)**	**-**	**(27,133)**	**-**	**(23,865)**
At 31 March 2011	**461,660**	**(1,831)**	**960**	**91,059**	**528,033**	**1,079,881**

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6c. Changes in the Company's share capital

Issued and Paid Up Capital

During 1Q 2012, the Company issued 3,050,757 (1Q 2011: 2,990,442) 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 Share Plan ("RSP").

As at 31 March 2012, the Company's issued and paid up capital, excluding treasury shares comprises 2,088,214,245 (31 December 2011: 2,082,711,503) ordinary shares.

Share Options

During 1Q 2012, 580,250 (1Q 2011: Nil) share options under the SOP were exercised and settled by way of issuance of treasury shares and 58,850 (1Q 2011: 2,878,010) share options exercised were settled by way of issuance of new shares.

In 1Q 2012, 19,450 (1Q 2011: Nil) share options lapsed.

As at 31 March 2012, there were 3,141,762 (31 March 2011: 8,602,964) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 1Q 2012, 722,084 (1Q 2011: 932,084) performance shares were released under the Company's Performance Share Plan ("PSP") and 63,610 (1Q 2011: 242,916) performance shares lapsed.

In 1Q 2012, there were additional 240,694 (1Q 2011: 385,000) 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 2012 was 1,220,000 (31 March 2011: 1,180,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,830,000 (31 March 2011: 1,770,000) performance shares.

Restricted Shares

During 1Q 2012, 4,141,558 (1Q 2011: 4,717,679) restricted shares were released under the RSP and 286,398 (1Q 2011: 632,402) restricted shares lapsed.

In 1Q 2012, there were additional 1,466,001 (1Q 2011: 1,641,205) 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 2012 was 7,188,330 (31 March 2011: 7,671,427). 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 2012 was 3,040,400 (31 March 2011: 3,302,000). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,560,600 (31 March 2011: 4,953,000) restricted shares.

Treasury Shares

During 1Q 2012, the Company did not acquire (1Q 2011: 5,883,168) ordinary shares in the Company by way of on-market purchases and re-issued 2,451,985 treasury shares pursuant to the SOP, PSP and RSP (1Q 2011: 5,537,331 treasury shares pursuant to the PSP and RSP).

As at 31 March 2012, no (31 March 2011: 345,837) 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.

7. AUDIT

The figures have not been audited or reviewed by the Company's auditors. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 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 2011.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2012.

Amendments to FRS 101 – Severe Hyperinflation and Removal of Fixed Dates of First-time Adopters
Amendments to FRS 107 Disclosures – Transfer of Financial Assets

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

11. REVIEW OF GROUP PERFORMANCE

Turnover

	1Q 2012	1Q 2011	+ / (-)	+ / (-)
	$'m	$'m	$'m	%
Rig Building	393.4	318.7	74.7	23.4
Offshore and Conversion	401.0	356.2	44.8	12.6
Repair	142.6	145.1	(2.5)	(1.7)
Other Activities	5.6	8.9	(3.3)	(37.1)
	942.6	**828.9**	**113.7**	**13.7**

Group turnover for 1Q 2012 increased 13.7% to $942.6 million mainly due to the Group achieving initial percentage of completion ("POC") revenue recognition for rig building as well as ship conversion and offshore projects, as compared to lower revenue recognition from new rig building projects which are still at the planning stage in 1Q 2011.

Operating profit

Group operating profit for 1Q 2012 was lower primarily due to the initial lower margin from new design rigs.

Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 1Q 2012 was lower due to lower operating profit from rig building projects. This was offset by the higher interest income received in 1Q 2012 for deferred payment granted to customers.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The Group has a net order book of $7.4 billion with completion and deliveries stretching till second quarter of 2015. This includes $3.0 billion in contract orders secured since the start of 2012, excluding ship repair contracts.

Despite the mixed global macroeconomic outlook, the fundamentals driving the offshore and marine activities remain strong, driven by sustained high oil prices, increased exploration and production (E&P) spending budgets of oil companies and significant exploration successes in oil and gas finds in recent months in offshore Brazil, East Africa, Gulf of Mexico and the North Sea.

The market for premium jack-up rigs continues to be active with oil companies remaining focused on safety and efficiency gains offered by newer and higher specification units. The Group has since January 2012 secured three units of high specification jack-up rigs with a total value of US$639.5 million.

With offshore drilling moving towards deeper waters and harsher environment, we continue to see strong enquiries for semi-submersibles, drillships and harsh environment units. Sembcorp Marine with its proven track record and expertise is well-positioned to leverage on the opportunities in this sector. It has since January 2012 secured contracts worth a total of US$1.75 billion, comprising a harsh-environment deepwater semi-submersible rig, a well-intervention semi-submersible rig and a drillship.

For the ship repair sector, there is a strong demand from LNG carrier operators for repairs and life extension work besides repairs/upgrading work from offshore operators. With the recent adoption of guidelines by the Marine Environmental Protection Committee of IMO (International Maritime Organisation) to progressively reduce hazardous gas emissions from ships, it is expected that vessels trading in the ECA (Emission Control Area) zone will need to install approved exhaust gas cleaning systems. It is also anticipated that once the IMO's regulatory rules becoming mandatory for trading ships to install ballast water treatment system, it will generate a substantial amount of work for the shipyards.

Overall, competition remains keen for all segments of our business although outlook continues to be positive.

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.

14. DIVIDEND

No interim dividend for the period ended 31 March 2012 is recommended.

15. SEGMENTAL REPORTING

1Q 2012

(i) By business segments:

	Ship & rig repair, building, conversion and offshore $'000	Ship chartering $'000	Others $'000	Eliminations $'000	Total $'000
Turnover					
Sales to external parties	937,512	-	5,052	-	942,564
Inter-segment sales	-	-	42,573	(42,573)	-
Total	**937,512**	**-**	**47,625**	**(42,573)**	**942,564**
Results					
Segment results	119,465	(102)	842	-	120,205
Dividend and interest income	10,209	-	6	-	10,215
Finance costs	(643)	-	-	-	(643)
Non-operating income	46	-	-	-	46
Share of results of associates and joint ventures	11,392	1,821	473	-	13,686
Profit before income tax expense	140,469	1,719	1,321	-	143,509
Income tax expense	(26,458)	5	(147)	-	(26,600)
Profit for the period	**114,011**	**1,724**	**1,174**	**-**	**116,909**
Assets					
Segment assets	4,579,832	14,568	49,100	-	4,643,500
Investments in associates and joint ventures	351,644	39,209	1,785	-	392,638
Deferred tax assets	3	-	47	-	50
Tax recoverable	363	-	-	-	363
Total assets	**4,931,842**	**53,777**	**50,932**	**-**	**5,036,551**
Liabilities					
Segment liabilities	2,055,431	7	33,234	-	2,088,672
Deferred tax liabilities	94,989	-	618	-	95,607
Provision for taxation	184,823	-	1,702	-	186,525
Total liabilities	**2,335,243**	**7**	**35,554**	**-**	**2,370,804**
Capital expenditure	106,021	-	14	-	**106,035**
Significant non-cash item					
Depreciation	20,088	-	284	-	**20,372**
Amortisation	839	-	-	-	**839**

(ii) By geographical segments:

	Singapore $'000	Rest of Asia & Australia $'000	Europe $'000	Others $'000	Total $'000
Turnover from external customers	73,798	362,137	356,946	149,683	**942,564**
Segment assets	4,494,758	116,142	35	32,565	**4,643,500**
Total assets	4,553,414	450,507	35	32,595	**5,036,551**
Capital expenditure	93,259	3,880	-	8,896	**106,035**

15. SEGMENTAL REPORTING (Cont'd)

1Q 2011

(i) By business segments:

	Ship & rig repair, building, conversion and offshore $'000	Ship chartering $'000	Others $'000	Eliminations $'000	Total $'000
Turnover					
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**
Results					
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**
Assets					
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**
Liabilities					
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**
Capital expenditure	66,108	-	-	-	**66,108**
Significant non-cash item					
Depreciation	19,948	-	290	-	**20,238**

(ii) By geographical segments:

	Singapore $'000	Rest of Asia & Australia $'000	Europe $'000	Others $'000	Total $'000
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**

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

15a. Explanatory notes to Segmental Reporting

(i) Business segments

The Group has two reportable segments, which are the Group's strategic business units. The strategic business units are managed separately because of their different business activities. The two reportable segments are (i) ship and rig repair, building, conversion and offshore and (ii) ship chartering.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

(ii) Geographical segments

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.

(iii) Review of segment performance

Please refer to paragraph 11.

16. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000)	
	1Q 2012	**1Q 2011**
	$'000	**$'000**
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	582	1,163
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	9,019	7,154
PSA International Pte Ltd and its associates	105	-
Singapore Technologies Telemedia Pte Ltd and its associates	370	-
Management and Support Services		
Sembcorp Industries Limited	63	63
Total Interested Person Transactions	**10,139**	**8,380**

17. 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 2012 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES

9 May 2012