



SEMBCORP MARINE LTD
Registration Number: 196300098Z

**FIRST QUARTER ENDED 31 MARCH 2013 FINANCIAL STATEMENTS
& RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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 2013.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group		+ / (-) %
		1Q 2013 \$'000	1Q 2012 \$'000	
Turnover	2a	1,050,122	942,564	11.4
Cost of sales	2a	(894,400)	(785,466)	13.9
Gross profit		155,722	157,098	(0.9)
Other operating income	2b	17,325	9,469	83.0
Other operating expenses	2b	(1,950)	(11,909)	(83.6)
General and administrative expenses	2c	(27,647)	(34,453)	(19.8)
Operating profit		143,450	120,205	19.3
Finance income	2d	783	10,214	(92.3)
Finance costs	2e	(1,356)	(643)	n.m.
Investment income	2f	-	1	n.m.
Non-operating income	2g	-	46	n.m.
Share of results of associates and joint ventures	2h	6,179	13,686	(54.9)
Profit before tax		149,056	143,509	3.9
Tax expense	2i	(26,428)	(26,600)	(0.6)
Profit for the period		122,628	116,909	4.9
Profit attributable to:				
Owners of the Company		118,743	113,085	5.0
Non-controlling interests	2j	3,885	3,824	1.6
Profit for the period		122,628	116,909	4.9
Earnings per share (cents)	2k			
Basic		5.69	5.43	4.8
Diluted		5.68	5.42	4.8

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group		
		1Q 2013	1Q 2012	+ / (-)
		\$'000	\$'000	%
Turnover	(i)	1,050,122	942,564	11.4
Cost of sales		(894,400)	(785,466)	13.9
Gross profit	(ii)	155,722	157,098	(0.9)
<i>Included in cost of sales:</i>				
Depreciation and amortisation		(23,216)	(19,179)	21.0
Allowance for inventory obsolescence		(34)	(34)	-

- (i) Group turnover for 1Q 2013 increased mainly due to the higher revenue recognition for rig building projects, despite lower offshore and conversion projects.
- (ii) Gross profit is slightly lower due to lower margin.

2b. Other operating income/(expenses)

		Group		
		1Q 2013	1Q 2012	+ / (-)
		\$'000	\$'000	%
Other operating income		17,325	9,469	83.0
Other operating expenses		(1,950)	(11,909)	(83.6)
		15,375	(2,440)	n.m.
<i>Included in other operating income/(expenses):</i>				
Foreign exchange gain/(loss), net	(i)	1,663	(11,698)	n.m.
Fair value adjustment on hedging instruments	(ii)	(1,901)	4,188	n.m.
Gain on disposal of property, plant and equipment, net		33	104	(68.3)
Other income	(iii)	15,629	5,177	n.m.
Other expenses		(49)	(211)	(76.8)
		15,375	(2,440)	n.m.

- (i) Foreign exchange gain in 1Q 2013 mainly arose from the revaluation of assets denominated in Euro and 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 2013 was mainly due to settlement of claims, higher rental income and sales of scrap.

2c. General and administrative expenses

		Group		
		1Q 2013	1Q 2012	+ / (-)
		\$'000	\$'000	%
General and administrative expenses	(i)	(27,647)	(34,453)	(19.8)
<i>Included in general and administrative expenses:</i>				
Depreciation and amortisation		(833)	(2,032)	(59.0)
Allowance for doubtful debts and bad debts		(57)	(85)	(32.9)

- (i) The lower general and administrative expenses were mainly due to lower personnel related expenses and professional fees.

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

2d. Finance income

In 1Q 2012, higher finance income was mainly attributable to interest income received for deferred payment granted to customers.

2e. Finance costs

	Group		
	1Q 2013	1Q 2012	+ / (-)
	\$'000	\$'000	%
Finance costs	(1,356)	(643)	n.m.
<i>Included in finance costs:</i>			
Interest expense (i)	(729)	-	n.m.
Commitment and facility fees	(627)	(643)	(2.5)
	(1,356)	(643)	n.m.

(i) Interest expense in 1Q 2013 was mainly due to bank borrowings.

2f. Investment income

Investment income in 1Q 2012 was mainly due to dividend received from quoted investments.

2g. Non-operating income

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

2h. Share of results of associates and joint ventures

The decrease in the share of results of associates and joint ventures in 1Q 2013 was mainly due to lower contribution from Cosco Shipyard Group Co. Ltd.

2i. Tax expense

	Group		
	1Q 2013	1Q 2012	+ / (-)
	\$'000	\$'000	%
Tax expense	(26,428)	(26,600)	(0.6)
<i>Included in tax expense:</i>			
Write back of over provision of tax in respect of prior years, net	176	18	n.m.

2j. 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 for various reliefs, including the transfer of the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. On 30 May 2012, the High Court released its judgement together with the Grounds of Decision. The decision was not favourable to the Company. On 29 June 2012, the Company filed an appeal to the Court of Appeal which was heard on 8 November 2012. Judgement has been reserved.

Pending the outcome of the appeal, the Group will continue to consolidate its 85 per cent interest in PPLS and separately account for the 15 per cent as a "non-controlling interest".

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

2k. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group		
	1Q 2013	1Q 2012	+ / (-) %
(i) Based on the weighted average number of shares (cents)	5.69	5.43	4.8
Weighted average number of shares ('000)	2,087,794	2,082,962	0.2
(ii) On a fully diluted basis (cents)	5.68	5.42	4.8
Adjusted weighted average number of shares ('000)	2,089,139	2,084,793	0.2

2l. Profitability ratios

	Group		
	1Q 2013	1Q 2012	+ / (-) %
Profit after taxation as a percentage of Turnover	11.68%	12.40%	(5.8)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	4.67%	4.40%	6.1

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		
		1Q 2013 \$'000	1Q 2012 \$'000	+ / (-) %
Profit for the period		122,628	116,909	4.9
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(i)	24,307	(25,713)	n.m.
Net change in fair value of cash flow hedges	(ii)	(23,454)	31,745	n.m.
Net change in fair value of available-for-sale financial assets	(iii)	(5,012)	32,682	n.m.
Other comprehensive income for the period, net of tax		(4,159)	38,714	n.m.
Total comprehensive income for the period		118,469	155,623	(23.9)
Total comprehensive income attributable to:				
Owners of the Company		112,399	154,386	(27.2)
Non-controlling interests		6,070	1,237	n.m.
Total comprehensive income for the period		118,469	155,623	(23.9)

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences mainly arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.
- (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 mark-to-market adjustments of quoted prices of available-for-sale assets.

4. BALANCE SHEETS

	Group		Company	
	31-Mar-2013 \$'000	31-Dec-2012 \$'000	31-Mar-2013 \$'000	31-Dec-2012 \$'000
Non-current assets				
Property, plant and equipment	1,551,249	1,476,206	96,674	99,618
Investment properties	-	-	29,400	31,123
Investments in subsidiaries	-	-	453,372	451,573
Investments in associates and joint ventures	433,694	417,329	107,369	107,369
Other financial assets	135,227	154,332	93,426	98,664
Trade and other receivables	61,728	61,674	80,775	66,435
Intangible assets	32,815	33,653	122	122
Deferred tax assets	2,292	2,388	-	-
	<u>2,217,005</u>	<u>2,145,582</u>	<u>861,138</u>	<u>854,904</u>
Current assets				
Inventories and work-in-progress	1,745,124	1,731,227	-	-
Trade and other receivables	466,734	468,264	82,510	82,543
Tax recoverable	103	83	-	-
Other financial assets	12,875	32,394	-	-
Cash and cash equivalents	1,657,315	1,408,907	46,647	75,900
	<u>3,882,151</u>	<u>3,640,875</u>	<u>129,157</u>	<u>158,443</u>
Current liabilities				
Trade and other payables	1,752,510	1,687,321	54,016	64,643
Progress billings in excess of work-in-progress	907,123	884,038	-	-
Provisions	21,176	17,463	-	-
Other financial liabilities	517	1,428	-	-
Current tax payable	107,258	94,983	2,964	2,629
Interest-bearing borrowings	33,683	32,981	-	-
	<u>2,822,267</u>	<u>2,718,214</u>	<u>56,980</u>	<u>67,272</u>
Net current assets	<u>1,059,884</u>	<u>922,661</u>	<u>72,177</u>	<u>91,171</u>
	<u>3,276,889</u>	<u>3,068,243</u>	<u>933,315</u>	<u>946,075</u>
Non-current liabilities				
Deferred tax liabilities	126,592	131,131	23,675	23,556
Provisions	44,258	44,243	27,895	27,895
Other financial liabilities	3,345	78	-	-
Interest-bearing borrowings	400,000	300,000	-	-
Other payables	45,907	45,766	-	-
	<u>620,102</u>	<u>521,218</u>	<u>51,570</u>	<u>51,451</u>
	<u>2,656,787</u>	<u>2,547,025</u>	<u>881,745</u>	<u>894,624</u>
Equity attributable to owners of the Company				
Share capital	484,288	480,086	484,288	480,086
Other reserves	(45,588)	(26,335)	10,317	28,583
Revenue reserve	2,103,516	1,984,773	387,140	385,955
	<u>2,542,216</u>	<u>2,438,524</u>	<u>881,745</u>	<u>894,624</u>
Non-controlling interests	114,571	108,501	-	-
Total equity	<u>2,656,787</u>	<u>2,547,025</u>	<u>881,745</u>	<u>894,624</u>

4. **BALANCE SHEETS** (Cont'd)

4a. **Group's borrowings and debt securities**

Interest-bearings borrowings:	As at 31-Mar-2013	As at 31-Dec-2012
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u>		
Unsecured	33,683	32,981
(ii) <u>Amount repayable after one year</u>		
Unsecured	400,000	300,000

4b. **Net asset value**

	Group		Company	
	31-Mar-2013	31-Dec-2012	31-Mar-2013	31-Dec-2012
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	121.65	116.80	42.19	42.85

4c. **Explanatory notes to Balance Sheets**

(i) **Group**

Non-current assets

'Other financial assets' decreased mainly due to fair value adjustment on foreign currency forward contracts.

Net current assets

'Tax recoverable' increased mainly due to payment during the period.

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

'Cash and cash equivalents' increased mainly due to receipts from ongoing and completed projects.

'Provisions' increased mainly due to allowance made for warranty provision.

'Current tax payable' increased mainly due to current period tax provision.

Non-current liabilities

'Other financial liabilities' increased mainly due to fair value adjustment on foreign currency forward contracts.

'Interest-bearing borrowings' increased mainly due to borrowing for capital expenditures for the Integrated New Yard facility in Tuas View Extension.

Equity

The deficit in 'Other reserves' increased mainly due to fair value adjustments on both foreign currency forward contracts and quoted prices of available-for-sale assets, as well as issuance of treasury shares.

(ii) **Company**

Non-current assets

'Trade and other receivables' increased mainly due to an increase in amount due from a subsidiary.

Net current assets

'Cash and cash equivalents' decreased mainly due to purchase of treasury shares.

'Trade and other payables' decreased mainly due to payments made to suppliers.

'Current tax payable' increased mainly due to current period tax provision.

Equity

'Other reserves' decreased mainly due to issuance of treasury shares.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q 2013	1Q 2012
	\$'000	\$'000
Cash flows from Operating Activities:		
Profit for the period	122,628	116,909
Adjustments for:		
Finance income	(783)	(10,214)
Finance costs	1,356	643
Investment income	-	(1)
Depreciation of property, plant and equipment, net	23,210	20,372
Amortisation of intangible assets	839	839
Share of results of associates and joint ventures	(6,179)	(13,686)
Gain on disposal of property, plant and equipment, net	(33)	(104)
Gain on disposal of other investments	-	(46)
Fair value adjustment of hedging instruments	1,901	(4,188)
Share-based payment expenses	3,064	5,660
Property, plant and equipment written off	58	388
Tax expense	26,428	26,600
Operating profit before working capital changes	172,489	143,172
Changes in working capital:		
Inventories and work-in-progress	9,188	22,692
Trade and other receivables	1,466	68,196
Trade and other payables	87,605	(274,832)
Cash generated from/(used in) operations	270,748	(40,772)
Investment and interest income received	793	10,240
Interest paid	(5,928)	(105)
Tax paid	(13,228)	(10,532)
Net cash generated from/(used in) operating activities	252,385	(41,169)
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(93,846)	(96,024)
Proceeds from sale of property, plant and equipment	37	107
Proceeds from sale of other investment	-	349
Purchase of intangible assets	-	(11)
Acquisition of an associate	-	(10,000)
Additional investment in a joint venture	(1,424)	-
Acquisition of other financial assets	(958)	-
Net cash used in investing activities	(96,191)	(105,579)
Cash flows from Financing Activities:		
Proceeds from borrowings	100,000	-
Proceeds from share options exercised	44	1,427
Purchase of treasury shares	(11,219)	-
Net cash generated from financing activities	88,825	1,427
Net increase/(decrease) in cash and cash equivalents	245,019	(145,321)
Cash and cash equivalents at beginning of the period	1,408,907	1,989,612
Effect of exchange rate changes on balances held in foreign currency	3,389	(6,476)
Cash and cash equivalents at end of the period	1,657,315	1,837,815

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-2013	31-Mar-2012
	\$'000	\$'000
Fixed deposits	453,542	1,132,746
Bank balances and cash	1,203,773	705,069
	<u>1,657,315</u>	<u>1,837,815</u>

5b. Explanatory notes to Consolidated Statement of Cash Flows

(i) First Quarter

Cash flows from operating activities before changes in working capital was \$172.5 million in 1Q 2013. Net cash generated from operating activities for 1Q 2013 increased to \$252.4 million mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 1Q 2013 was \$96.2 million. The Group spent \$93.8 million on expansion and operational capital expenditure, mainly for the Integrated New Yard facility in Tuas View Extension.

Net cash generated from financing activities for 1Q 2013 was \$88.8 million. It relates mainly to proceeds from borrowings, offset by purchase of treasury shares.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company							Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1Q 2013									
At 1 January 2013	480,086	(3,223)	25,574	(104,782)	56,096	1,984,773	2,438,524	108,501	2,547,025
Total comprehensive income									
Profit for the period	-	-	-	-	-	118,743	118,743	3,885	122,628
Other comprehensive income									
Foreign currency translation differences	-	-	-	22,122	-	-	22,122	2,185	24,307
Net fair value changes of cash flow hedges	-	-	-	-	(23,454)	-	(23,454)	-	(23,454)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(5,012)	-	(5,012)	-	(5,012)
Total other comprehensive income	-	-	-	22,122	(28,466)	-	(6,344)	2,185	(4,159)
Total comprehensive income	-	-	-	22,122	(28,466)	118,743	112,399	6,070	118,469
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	4,202	-	-	-	(4,202)	-	-	-	-
Purchase of treasury shares	-	(11,219)	-	-	-	-	(11,219)	-	(11,219)
Issuance of treasury shares	-	14,442	-	-	(14,398)	-	44	-	44
Cost of share-based payment - charged to profit or loss	-	-	-	-	2,468	-	2,468	-	2,468
Total transactions with owners	4,202	3,223	-	-	(16,132)	-	(8,707)	-	(8,707)
At 31 March 2013	484,288	-	25,574	(82,660)	11,498	2,103,516	2,542,216	114,571	2,656,787
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

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 2013						
At 1 January 2013	480,086	(3,223)	960	30,846	385,955	894,624
Total comprehensive income						
Profit for the period	-	-	-	-	1,185	1,185
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(5,357)	-	(5,357)
Total other comprehensive income	-	-	-	(5,357)	-	(5,357)
Total comprehensive income	-	-	-	(5,357)	1,185	(4,172)
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	4,202	-	-	(4,202)	-	-
Purchase of treasury shares	-	(11,219)	-	-	-	(11,219)
Issuance of treasury shares	-	14,442	-	(14,398)	-	44
Cost of share-based payment	-	-	-	451	-	451
- charged to profit or loss	-	-	-	2,017	-	2,017
- issued to employees of subsidiaries	-	-	-	-	-	-
Total transactions with owners	4,202	3,223	-	(16,132)	-	(8,707)
At 31 March 2013	484,288	-	960	9,357	387,140	881,745
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	-	-	-	459	-	459
- charged to profit or loss	-	-	-	2,169	-	2,169
- issued to employees of subsidiaries	-	-	-	-	-	-
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

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

During 1Q 2013, the Company issued 1,233,882 ordinary shares upon the vesting of performance shares under the Company's Performance Share Plan ("PSP") and restricted shares under the Company's Restricted Share Plan ("RSP") (1Q 2012: 3,050,757 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 RSP).

As at 31 March 2013, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,760,107 (31 December 2012: 2,087,787,225) ordinary shares.

(ii) Share Options

During 1Q 2013, 19,810 (1Q 2012: 580,250) share options under the SOP were exercised and settled by way of issuance of treasury shares and no (1Q 2012: 58,850) share options exercised were settled by way of issuance of new shares.

In 1Q 2013, 16,160 (1Q 2012: 19,450) share options lapsed.

As at 31 March 2013, there were 2,480,287 (31 March 2012: 3,141,762) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

During 1Q 2013, 702,333 (1Q 2012: 722,084) performance shares were released under the PSP and 60,556 (1Q 2012: 63,610) performance shares lapsed.

In 1Q 2013, there were additional 157,889 (1Q 2012: 240,694) 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 2013 was 1,260,000 (31 March 2012: 1,220,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,890,000 (31 March 2012: 1,830,000) performance shares.

(iv) Restricted Shares

During 1Q 2013, 3,750,739 (1Q 2012: 4,141,558) restricted shares were released under the RSP and 78,847 (1Q 2012: 286,398) restricted shares lapsed.

In 1Q 2013, there were additional 464,732 (1Q 2012: 1,466,001) 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 2013 was 6,178,676 (31 March 2012: 7,188,330). 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 2013 was 2,726,800 (31 March 2012: 3,040,400). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,090,200 (31 March 2012: 4,560,600) restricted shares.

(v) Treasury Shares

During 1Q 2013, the Company acquired 2,500,000 (1Q 2012: Nil) ordinary shares in the Company by way of on-market purchases.

In 1Q 2013, 3,239,000 (1Q 2012: 2,451,985) treasury shares were re-issued pursuant to the SOP, PSP and RSP.

As at 31 March 2013, there was no (31 March 2012: Nil) treasury shares 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 2012.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2013.

Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Revised FRS 19	Employee Benefits
FRS 113	Fair Value Measurement
Amendments to FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities
Improvements to FRSs 2012	
- Amendments to FRS 1	Presentation of Financial Statements
- Amendments to FRS 16	Property, Plant and Equipment
- Amendments to FRS 32	Financial Instruments: Presentation

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

11. REVIEW OF GROUP PERFORMANCE

(i) Turnover

	1Q 2013	1Q 2012	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	597.6	393.4	204.2	51.9
Offshore and Conversion	291.0	401.0	(110.0)	(27.4)
Repair	156.0	142.6	13.4	9.4
Other Activities	5.5	5.6	(0.1)	(1.8)
	1,050.1	942.6	107.5	11.4

Group turnover for 1Q 2013 increased mainly due to the higher revenue recognition for rig building projects, despite lower offshore and conversion projects.

(ii) Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 1Q 2013 was higher mainly due to higher operating profit, offset by lower contribution from Cosco Shipyard Group Co. Ltd. In 1Q 2012, interest income was received 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 strong net order book of \$13.6 billion with completion and deliveries stretching till 2019. This includes \$1.7 billion in rig orders and offshore platform contracts secured since the start of 2013. The Group remains focused on operational efficiency, productivity improvements, safety management and the timely deliveries of orders to our customers.

The fundamentals driving the marine and offshore industry remain intact underpinned by healthy oil prices and projected increases in offshore exploration and production (E&P) spending. Demand for rigs is expected to remain strong given the ageing rig fleet and the increasing focus by oil companies for new, safer and more efficient rigs, in particular high specification rigs capable of operating in harsh and deepwater environment.

For ship repair, there is continued demand for upgrading and life extension work for LNG carriers as well as repair and upgrading work for cruise ships and offshore vessels. Demand for the Group's big docks remains strong.

Overall, enquiries remain healthy across the Group's diverse business segments of ship repair, ship conversion & offshore platforms and rig building. However, competition is intense and impacts margin.

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 2013 is recommended.

15. SEGMENTAL REPORTING

1Q 2013

(i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	1,045,930	-	4,192	-	1,050,122
Inter-segment sales	-	-	51,646	(51,646)	-
Total	1,045,930	-	55,838	(51,646)	1,050,122
Results					
Segment results	140,520	65	2,865	-	143,450
Finance income	770	-	13	-	783
Finance costs	(1,356)	-	-	-	(1,356)
Share of results of associates and joint ventures	3,595	1,954	630	-	6,179
Profit before tax	143,529	2,019	3,508	-	149,056
Tax expense	(25,802)	3	(629)	-	(26,428)
Profit for the period	117,727	2,022	2,879	-	122,628
Assets					
Segment assets	5,470,589	14,483	177,995	-	5,663,067
Investments in associates and joint ventures	384,437	45,412	3,845	-	433,694
Deferred tax assets	986	-	1,306	-	2,292
Tax recoverable	103	-	-	-	103
Total assets	5,856,115	59,895	183,146	-	6,099,156
Liabilities					
Segment liabilities	3,197,370	6	11,143	-	3,208,519
Deferred tax liabilities	117,524	-	9,068	-	126,592
Current tax payable	105,380	-	1,878	-	107,258
Total liabilities	3,420,274	6	22,089	-	3,442,369
Capital expenditure					
Significant non-cash item	93,838	-	8	-	93,846
Depreciation and amortisation	23,803	-	246	-	24,049
Assets written-off	58	-	-	-	58

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	37,707	1,524,250	5,453,886	87,013
China	160	355,666	355,692	-
Rest of ASEAN, Australia & India	223,288	138,833	190,099	5,928
Middle East & Africa	51,976	-	-	-
Norway	238,340	-	-	-
Rest of Europe	119,890	6,548	29,749	112
Cayman Islands	268,483	-	-	-
Brazil	539	50,336	64,498	793
Other Countries	109,739	3,778	5,232	-
Total	1,050,122	2,079,411	6,099,156	93,846

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.

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

1Q 2012

(i) 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
Finance income	10,208	-	6	-	10,214
Finance costs	(643)	-	-	-	(643)
Investment income	-	-	1	-	1
Non-operating income	-	-	46	-	46
Share of results of associates and joint ventures	11,392	1,821	473	-	13,686
Profit before tax	140,422	1,719	1,368	-	143,509
Tax expense	(26,458)	5	(147)	-	(26,600)
Profit for the period	113,964	1,724	1,221	-	116,909
Assets					
Segment assets	4,415,248	14,568	213,684	-	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	4,767,258	53,777	215,516	-	5,036,551
Liabilities					
Segment liabilities	2,074,032	7	14,633	-	2,088,672
Deferred tax liabilities	83,025	-	12,582	-	95,607
Current tax payable	143,506	-	43,019	-	186,525
Total liabilities	2,300,563	7	70,234	-	2,370,804
Capital expenditure					
96,021	-	14	-	-	96,035
Significant non-cash item					
Depreciation and amortisation	20,927	-	284	-	21,211
Assets written-off	388	-	-	-	388

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	73,798	1,151,851	4,553,414	83,259
China	768	326,811	326,961	11
Myanmar	124,097	-	-	-
Rest of ASEAN, Australia & India	91,915	100,907	123,546	3,869
The UAE	145,348	-	-	-
Norway	228,411	-	-	-
UK	103,429	-	-	-
Rest of Europe	25,106	-	35	-
Cayman Islands	107,904	-	-	-
Brazil	1,685	22,650	26,598	8,896
Other Countries	40,103	3,921	5,997	-
Total	942,564	1,606,140	5,036,551	96,035

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 2013	1Q 2012
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	222	582
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	1,020	942
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	1,305	2,062

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 2013 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

3 May 2013