



SEMBCORP MARINE LTD & ITS SUBSIDIARIES
Registration Number: 196300098Z

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2009 FINANCIAL STATEMENTS &
DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Financial Statements & Dividend Announcement	1 – 18
Group Income Statement	1 – 3
Balance Sheets	4 – 5
Consolidated Cash Flow Statement	6 – 7
Consolidated Statement of Comprehensive Income	7
Statements of Changes in Equity	8 – 11
Audit	12
Auditors' Report	12
Accounting Policies	12
Changes in Accounting Policies	12
Review of Group Performance	12 – 13
Variance from Prospect Statement	13
Prospects	14
Dividend	14
Segmental Reporting	15 – 17
Interested Person Transactions	17
Subsequent Event	18
Confirmation by the Board	18

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2009

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2009.

1. GROUP INCOME STATEMENT

	Group			Group		
	2Q 2009 \$'000	2Q 2008 \$'000	+ / (-) %	1H 2009 \$'000	1H 2008 \$'000	+ / (-) %
Turnover	1,497,618	1,386,093	8.0	2,861,112	2,302,211	24.3
Cost of sales	(1,304,667)	(1,248,162)	4.5	(2,521,938)	(2,067,512)	22.0
Gross profit	192,951	137,931	39.9	339,174	234,699	44.5
Other operating income	(9,931)	(624)	n.m.	9,096	11,596	(21.6)
Other operating expenses	7,249	4,223	71.7	(2,440)	(2,334)	4.5
General and administrative expenses	(23,538)	(30,075)	(21.7)	(44,496)	(53,042)	(16.1)
Operating profit	166,731	111,455	49.6	301,334	190,919	57.8
Dividend and interest income	9,515	12,513	(24.0)	12,130	18,176	(33.3)
Finance costs	(2,256)	(1,952)	15.6	(3,517)	(6,092)	(42.3)
Non-operating income	368	-	n.m.	368	-	n.m.
Non-operating expenses	(7,536)	-	n.m.	(7,536)	-	n.m.
Share of results of associates and joint ventures	12,042	38,704	(68.9)	27,370	72,863	(62.4)
Profit before income tax expense	178,864	160,720	11.3	330,149	275,866	19.7
Income tax expense	(33,122)	(27,849)	18.9	(57,520)	(48,528)	18.5
Profit for the period	145,742	132,871	9.7	272,629	227,338	19.9
Attributable to:						
Shareholders of the Company	138,053	128,253	7.6	258,252	219,592	17.6
Minority interests	7,689	4,618	66.5	14,377	7,746	85.6
	145,742	132,871	9.7	272,629	227,338	19.9
Earnings per share (cents)						
Basic	6.71	6.23	7.7	12.56	10.62	18.3
Diluted	6.70	6.18	8.4	12.54	10.54	19.0

NOTES TO GROUP INCOME STATEMENT:

1a. Profit for the period is arrived at after crediting/(charging) the following significant items:

	Group			Group		
	2Q 2009 \$'000	2Q 2008 \$'000	+ / (-) %	1H 2009 \$'000	1H 2008 \$'000	+ / (-) %
Investment income	7,798	7,801	-	7,798	7,804	(0.1)
Interest income	1,717	4,712	(63.6)	4,332	10,372	(58.2)
Interest expense	(2,256)	(1,952)	15.6	(3,517)	(6,092)	(42.3)
Depreciation and amortisation	(18,063)	(16,877)	7.0	(35,635)	(32,647)	9.2
Allowance for doubtful debts/bad debts, net	(493)	(104)	374.0	(752)	(104)	623.1
Allowance for inventory obsolescence, net	(22)	(68)	(67.6)	(44)	(147)	(70.1)
Foreign exchange (loss)/gain, net	(16,129)	4,364	n.m.	(1,214)	(1,907)	(36.3)
Gain on disposal of property, plant and equipment, net	-	874	n.m.	68	890	(92.4)
Fair value adjustment on hedging instruments	9,827	(5,959)	n.m.	547	1,494	(63.4)
Non-operating income:						
Gain on liquidation of subsidiary	368	-	n.m.	368	-	n.m.
Non-operating expenses:						
Impairment of other investment	(7,536)	-	n.m.	(7,536)	-	n.m.
	Group 2Q 2009	Group 2Q 2008	+ / (-) %	Group 1H 2009	Group 1H 2008	+ / (-) %
Profit after taxation as a percentage of Turnover	9.73%	9.59%	1.5	9.53%	9.87%	(3.4)
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	9.03%	8.21%	10.0	16.90%	14.06%	20.2

n.m. : not meaningful

Notes:

- (i) Lower interest income was because of lower interest rates on interest bearing asset balances.
- (ii) Higher 2Q 2009 interest expense was due to short-term bank loan taken up pending receipt of sale proceed of PetroRig 1, while lower 1H 2009 interest expenses were due mainly to lower interest rates on lower bank borrowing balances.
- (iii) Foreign exchange loss in 2Q 2009 mainly arose from the weakening of United States dollar against Singapore dollar.
- (iv) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

1b. Income Tax Expense

The Group's tax charge for 2Q 2009 included an under provision of tax in respect of prior years of \$469,000 (2Q 2008: over provision of tax in respect of prior years of \$593,000).

The Group's tax charge for 1H 2009 included a write back of an over provision of tax in respect of prior years of \$2,400,000 (1H 2008: over provision of tax in respect of prior years of \$584,000). The over provision of tax in respect of prior years is mainly due to a write back of provision for deferred tax arising from a reduction in Singapore corporate tax rate from 18% to 17%.

1c. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group			Group		
	2Q 2009	2Q 2008	+ / (-) %	1H 2009	1H 2008	+ / (-) %
(i) Based on the weighted average number of shares (cents)	6.71	6.23	7.7	12.56	10.62	18.3
Weighted average number of shares	2,058,867,797	2,060,283,967	(0.1)	2,056,698,582	2,067,457,025	(0.5)
(ii) On a fully diluted basis (cents)	6.70	6.18	8.4	12.54	10.54	19.0
Adjusted weighted average number of shares	2,062,022,797	2,076,784,967	(0.7)	2,059,853,582	2,083,958,025	(1.2)

1d. Explanatory Notes to Group Income Statement

Turnover

Group turnover increased by 24.3% in 1H 2009 mainly due to higher percentage of completion achieved in the rig building, offshore and conversion projects.

Gross profit

Gross profit margin was higher in 2Q 2009 & 1H 2009 primarily due to higher margins from rig building, offshore and conversion projects.

Other operating income/expenses

	Note	Group		+ / (-) %	Group		+ / (-) %
		2Q 2009	2Q 2008		1H 2009	1H 2008	
Foreign exchange (loss)/gain	1a(iii)	(16,129)	4,364	n.m.	(1,214)	(1,907)	(36.3)
Fair value adjustment on hedging instruments	1a(iv)	9,827	(5,959)	n.m.	547	1,494	(63.4)
Other income		3,920	5,335	(26.5)	7,879	10,102	(22.0)
Other expenses		(300)	(141)	112.8	(556)	(427)	30.2
		<u>(2,682)</u>	<u>3,599</u>	n.m.	<u>6,656</u>	<u>9,262</u>	(28.1)
<i>Disclosed in group income statement as follows :-</i>							
Other operating income		(9,931)	(624)	n.m.	9,096	11,596	(21.6)
Other operating expenses		<u>7,249</u>	<u>4,223</u>	71.7	<u>(2,440)</u>	<u>(2,334)</u>	4.5
		<u>(2,682)</u>	<u>3,599</u>	n.m.	<u>6,656</u>	<u>9,262</u>	(28.1)

Other income decreased in 2Q 2009 & 1H 2009 is mainly due to the reduction of scrap sales.

General and administrative expenses

The lower general and administrative expenses are mainly due to lower personnel related costs in 2Q 2009 & 1H 2009.

Share of results of associates and joint ventures

Decreases in the share of results of associates and joint ventures in 2Q 2009 & 1H 2009 are mainly due to lower contribution from Cosco Shipyard Group Co. Ltd.

2. BALANCE SHEETS

Balance Sheets	Group		Company	
	30-Jun-2009 \$'000	31-Dec-2008 \$'000	30-Jun-2009 \$'000	31-Dec-2008 \$'000
Non-current Assets				
Property, plant and equipment	703,748	697,702	110,230	111,532
Investment properties	-	-	53,093	54,037
Investment in subsidiaries	-	-	625,535	620,252
Investment in associates and joint ventures	293,736	269,609	107,369	107,369
Other long-term investments	172,046	138,376	118,786	97,317
Long-term trade receivables	16,284	18,025	16,284	18,025
Long-term other receivables	37,113	37,023	73,947	73,944
Intangible assets	6,127	6,127	122	122
Deferred tax assets	1,318	9,436	-	-
Total Non-current Assets	1,230,372	1,176,298	1,105,366	1,082,598
Current Assets				
Inventories and work-in-progress	1,296,388	834,789	-	-
Trade receivables	648,537	480,396	19,560	16,123
Other receivables, deposits and prepayments	67,956	66,302	166,046	166,846
Fixed deposits	1,741,659	1,630,147	-	-
Bank balances and cash	312,998	423,885	4,384	12,454
Total Current Assets	4,067,538	3,435,519	189,990	195,423
Current Liabilities				
Trade payables	1,917,853	1,638,812	11,268	18,843
Other payables	28,280	26,869	169,305	113,103
Provisions	33,229	38,188	-	-
Progress billings in excess of work-in-progress	1,182,634	966,990	-	-
Interest-bearing borrowings	196,603	202,238	149,982	149,945
Derivative financial liabilities	43,773	71,394	-	-
Provision for taxation	188,117	167,149	1,344	422
Total Current Liabilities	3,590,489	3,111,640	331,899	282,313
Net Current Assets/(Liabilities)	477,049	323,879	(141,909)	(86,890)
Total Assets less Current Liabilities	1,707,421	1,500,177	963,457	995,708
Non-current Liabilities				
Long-term interest-bearing borrowings	15,000	20,000	-	-
Long-term derivative financial liabilities	46,810	49,731	-	-
Deferred tax liabilities	65,449	61,261	36,004	34,163
Long-term other payables	2,123	2,603	32,849	32,849
Other provisions	6,341	6,623	2,895	2,895
Total Non-current Liabilities	135,723	140,218	71,748	69,907
	1,571,698	1,359,959	891,709	925,801
Capital & Reserves				
Share capital	443,347	443,347	443,347	443,347
Reserves	1,085,039	874,638	448,362	482,454
	1,528,386	1,317,985	891,709	925,801
Minority interests	43,312	41,974	-	-
	1,571,698	1,359,959	891,709	925,801

NOTES TO GROUP BALANCE SHEETS:

2a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30-Jun-2009		As at 31-Dec-2008	
Secured	Unsecured	Secured	Unsecured
12,000,000	184,603,000	12,000,000	190,238,000

Amount repayable after one year

As at 30-Jun-2009		As at 31-Dec-2008	
Secured	Unsecured	Secured	Unsecured
15,000,000	-	20,000,000	-

Details of Collateral

Borrowing amounting to \$27,000,000 (31 December 2008: \$32,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Jun-2009	Dec-2008	+ / (-) %	Jun-2009	Dec-2008	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	74.21	64.11	15.8	43.30	45.03	(3.8)

2c. Explanatory Notes to Balance Sheets

(i) Group

Inventories and work-in progress, Trade receivables and Trade payables

'Inventories and work-in-progress', 'Trade receivables' and 'Trade payables' increased significantly mainly due to increase in rig building, offshore and conversion projects.

Progress billings in excess of work-in-progress

'Progress billings in excess of work-in-progress' increased significantly mainly due to receipts from customers for both rig building projects in progress and completed projects.

(ii) Company

Other payables and Net Current Liabilities

'Other payables' increased which resulted in negative working capital of the Company was due to the timing of dividend distribution from subsidiaries.

3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	2Q 2009	2Q 2008	1H 2009	1H 2008
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Operating profit	166,731	111,455	301,334	190,919
Adjustments for:				
Depreciation of property, plant and equipment, net	18,044	16,480	35,598	31,852
Gain on disposal of property, plant and equipment, net	-	(874)	(68)	(890)
Property, plant and equipment written off	-	-	4	-
Share-based payment expenses	2,120	6,513	3,507	9,342
Fair value adjustment on hedging instruments	(9,827)	5,959	(547)	(1,494)
Amortisation	19	397	37	795
Negative goodwill	-	-	(298)	-
Operating income before reinvestment in working capital	177,087	139,930	339,567	230,524
Increase in receivables	(11,792)	(94,749)	(166,681)	(41,640)
(Increase)/decrease in inventories and work-in-progress	(46,282)	(152,289)	(245,955)	614,455
(Decrease)/increase in payables	(14,614)	165,745	282,229	118,025
Cash generated from operations	104,399	58,637	209,160	921,364
Investment and interest income received	9,660	12,235	11,917	17,695
Interest paid	(1,089)	(2,051)	(3,721)	(6,008)
Income taxes paid	(22,156)	(14,568)	(33,977)	(21,323)
Net cash inflow from operating activities	90,814	54,253	183,379	911,728
Cash flows from investing activities:				
Purchase of property, plant and equipment	(11,393)	(25,649)	(37,734)	(49,815)
Proceeds from sale of property, plant and equipment	1,238	1,134	2,079	1,150
Dividend from associate	261	10,318	261	10,318
Acquisition of minority interest	-	-	(13,428)	-
Purchase of other investment	(32)	-	(32)	-
Net cash outflow from investing activities	(9,926)	(14,197)	(48,854)	(38,347)
Cash flows from financing activities:				
Payments on finance leases	(326)	(412)	(616)	(573)
Repayment of borrowings	(342,693)	(164,431)	(453,997)	(391,687)
Proceeds from borrowings	330,022	181,102	443,325	363,861
Proceeds from ESOS exercised with issue of treasury shares	1,249	3,005	1,265	3,803
Purchase of treasury shares	-	-	-	(50,326)
Dividend paid to shareholders of the Company	(123,542)	(106,353)	(123,542)	(106,353)
Dividend paid to minority shareholders of subsidiaries	(335)	(446)	(335)	(446)
Net cash outflow from financing activities	(135,625)	(87,535)	(133,900)	(181,721)
Net (decrease)/increase in cash and cash equivalents	(54,737)	(47,479)	625	691,660
Cash and cash equivalents at beginning of period	2,109,394	1,479,616	2,054,032	740,477
Cash and cash equivalents at end of period	2,054,657	1,432,137	2,054,657	1,432,137

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:

	30-Jun-2009 \$'000	30-Jun-2008 \$'000
Fixed deposits	1,741,659	1,110,429
Bank balances and cash	312,998	325,728
Bank overdraft	-	(4,020)
	<u>2,054,657</u>	<u>1,432,137</u>

3b. Explanatory Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for 1H 2009 was \$183.4 million. The operating cash flow was mainly contributed by the operating margins from rig building and ship repair businesses and the completion of rig building projects in 1H 2009. The decrease in cash inflow from operating activities from \$911.7 million in 1H 2008 to \$183.4 million in 1H 2009 was mainly due to receipts from more ongoing and completed projects in 1H 2008 as compared to 1H 2009 arising from collections in accordance with the agreed projects payment terms.

Net cash outflow from investing activities for 1H 2009 was \$48.9 million. The Group spent \$37.7 million in 1H 2009 on expansion and operational capital expenditures and \$13.4 million on acquisition of minority interest in 1Q 2009.

Net cash outflow from financing activities for 1H 2009 was \$133.9 million. It relates mainly to dividends paid and repayment of bank borrowings.

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group 2Q 2009 2Q 2008 \$'000 \$'000		Group 1H 2009 1H 2008 \$'000 \$'000	
Profit for the period	145,742	132,871	272,629	227,338
Translation adjustments	(24,482)	4,881	2,358	(1,016)
Net fair value changes of cash flow hedges	90,287	(6,115)	32,812	49,003
Net fair value changes of available-for-sale financial assets	39,719	(44,504)	27,254	(238,689)
Add: reclassification adjustments for deficits included in income statement on impairment	7,536	-	7,536	-
Other comprehensive income/(expense) for the period	<u>113,060</u>	<u>(45,738)</u>	<u>69,960</u>	<u>(190,702)</u>
Total comprehensive income for the period	<u>258,802</u>	<u>87,133</u>	<u>342,589</u>	<u>36,636</u>
Attributable to:				
Shareholders of the Company	249,448	82,516	327,233	29,395
Minority Interests	<u>9,354</u>	<u>4,617</u>	<u>15,356</u>	<u>7,241</u>
Total comprehensive income for the period	<u>258,802</u>	<u>87,133</u>	<u>342,589</u>	<u>36,636</u>

5. STATEMENTS OF CHANGES IN EQUITY

5a. Statements of Changes in Equity for the Group

<u>GROUP</u>	Attributable to shareholders of the Company							Minority 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	Total \$'000		
1Q 2009									
At 1 January 2009	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959
Issuance of treasury shares	-	10,185	-	-	(10,250)	-	(65)	-	(65)
Cost of share-based payment - charged to income statement	-	-	-	-	2,364	-	2,364	18	2,382
Acquisition of minority interest	-	-	-	-	-	-	-	(13,726)	(13,726)
Total comprehensive income for the period	-	-	-	25,209	(67,623)	120,199	77,785	6,002	83,787
At 31 March 2009	443,347	(45,670)	14,084	22,066	(111,954)	1,076,196	1,398,069	34,268	1,432,337
2Q 2009									
Issuance of treasury shares	-	3,211	-	-	(2,104)	-	1,107	-	1,107
Dividend paid to - Company's shareholders - minority shareholder	-	-	-	-	-	(123,542)	(123,542)	-	(123,542)
Cost of share-based payment - charged to income statement	-	-	-	-	3,672	-	3,672	25	3,697
Realisation of reserve upon liquidation of subsidiary	-	-	-	(368)	-	-	(368)	-	(368)
Total comprehensive income for the period	-	-	-	(22,821)	134,216	138,053	249,448	9,354	258,802
At 30 June 2009	443,347	(42,459)	14,084	(1,123)	23,830	1,090,707	1,528,386	43,312	1,571,698

5a. **Statements of Changes in Equity for the Group (Cont'd)**

GROUP	Attributable to shareholders of the Company								
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Minority interests \$'000	Total Equity \$'000
1Q 2008									
At 1 January 2008	442,549	-	14,084	(18,304)	506,393	735,338	1,680,060	25,656	1,705,716
Issue of shares under Share Option Plan	798	-	-	-	-	-	798	-	798
Purchase of treasury shares	-	(50,326)	-	-	-	-	(50,326)	-	(50,326)
Issuance of treasury shares	-	8,148	-	-	(8,148)	-	-	-	-
Cost of share-based payment - charged to income statement	-	-	-	-	2,809	-	2,809	20	2,829
Total comprehensive income for the period	-	-	-	(5,393)	(139,067)	91,339	(53,121)	2,624	(50,497)
At 31 March 2008	443,347	(42,178)	14,084	(23,697)	361,987	826,677	1,580,220	28,300	1,608,520
2Q 2008									
Issuance of treasury shares	-	7,390	-	-	(4,756)	-	2,634	-	2,634
Dividend paid to - Company's shareholders - minority shareholder	-	-	-	-	-	(106,353)	(106,353)	-	(106,353)
Cost of share-based payment - charged to income statement	-	-	-	-	3,168	-	3,168	26	3,194
Total comprehensive income for the period	-	-	-	4,882	(50,619)	128,253	82,516	4,617	87,133
At 30 June 2008	443,347	(34,788)	14,084	(18,815)	309,780	848,577	1,562,185	32,497	1,594,682

5b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	<u>Share capital</u> <u>\$'000</u>	<u>Reserve for own shares</u> <u>\$'000</u>	<u>Capital reserves</u> <u>\$'000</u>	<u>Other reserves</u> <u>\$'000</u>	<u>Revenue reserve</u> <u>\$'000</u>	<u>Total Equity</u> <u>\$'000</u>
<u>1Q 2009</u>						
At 1 January 2009	443,347	(55,855)	960	55,271	482,078	925,801
Issuance of treasury shares	-	10,185	-	(10,169)	-	16
Cost of share-based payment						
- charged to income statement	-	-	-	596	-	596
- issued to employees of subsidiaries	-	-	-	1,762	-	1,762
Total comprehensive income for the period	-	-	-	(6,767)	6,457	(310)
At 31 March 2009	443,347	(45,670)	960	40,693	488,535	927,865
<u>2Q 2009</u>						
Issuance of treasury shares	-	3,211	-	(1,962)	-	1,249
Dividend paid to						
- Company's shareholders	-	-	-	-	(123,542)	(123,542)
Cost of share-based payment						
- charged to income statement	-	-	-	853	-	853
- issued to employees of subsidiaries	-	-	-	2,968	-	2,968
Total comprehensive income for the period	-	-	-	25,101	57,215	82,316
At 30 June 2009	443,347	(42,459)	960	67,653	422,208	891,709
<u>1Q 2008</u>						
At 1 January 2008	442,549	-	960	347,065	546,459	1,337,033
Issue of shares under Share Option Plan	798	-	-	-	-	798
Purchase of treasury shares	-	(50,326)	-	-	-	(50,326)
Issuance of treasury shares	-	8,148	-	(8,148)	-	-
Cost of share-based payment						
- charged to income statement	-	-	-	614	-	614
- issued to employees of subsidiaries	-	-	-	2,191	-	2,191
Total comprehensive income for the period	-	-	-	(119,477)	836	(118,641)
At 31 March 2008	443,347	(42,178)	960	222,245	547,295	1,171,669
<u>2Q 2008</u>						
Issuance of treasury shares	-	7,390	-	(4,385)	-	3,005
Dividend paid to						
- Company's shareholders	-	-	-	-	(106,353)	(106,353)
Cost of share-based payment						
- charged to income statement	-	-	-	818	-	818
- issued to employees of subsidiaries	-	-	-	2,224	-	2,224
Total comprehensive income for the period	-	-	-	(28,249)	55,689	27,440
At 30 June 2008	443,347	(34,788)	960	192,653	496,631	1,098,803

5c. Changes in the Company's share capital

Issued and Paid Up Capital

As at 30 June 2009, the Company's issued and paid up capital, excluding treasury shares comprises 2,059,555,212 (30 June 2008: 2,061,486,632) ordinary shares.

Share Options

During 2Q 2009, the Company issued 869,517 ordinary shares for cash upon the exercise of the options under the Company's Share Option Plan ("SOP") by way of issuance of treasury shares (2Q 2008: 2,079,534 ordinary shares issued by way of issuance of treasury shares).

As at 30 June 2009, there were 24,825,392 (30 June 2008: 32,383,876) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 2Q 2009, there were 545,000 (2Q 2008: 790,000) performance share granted under the Company's Performance Share Plan ("PSP").

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2009 was 2,315,000 (30 June 2008: 2,610,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,472,500 (30 June 2008: 3,915,000) performance shares.

Restricted Shares

During 2Q 2009, there were 3,426,330 (2Q 2008: 3,573,000) restricted share granted conditionally under the Company's Restricted Stock Plan ("RSP"). No (2Q 2008: Nil) restricted share was vested and 63,688 (2Q 2008: 211,049) restricted shares lapsed.

The Company released a total of 24,190 (2Q 2008: 20,475) restricted shares during 2Q 2009 to the participants.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2009, was 10,804,961 (30 June 2008: 8,853,421). 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 30 June 2009 was 6,811,130 (30 June 2008: 7,499,486). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,216,695 (30 June 2008: 10,444,652) restricted shares.

Treasury Shares

During 2Q 2009, the Company made no (2Q 2008: Nil) purchases of its ordinary shares.

The Company issued 893,707 (2Q 2008: 2,100,009) treasury shares during 2Q 2009 pursuant to the SOP, PSP and RSP.

As at 30 June 2009, 11,816,258 (30 June 2008: 9,884,838) 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.

6. 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.

7. AUDITORS' REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 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 2008.

9. CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2009, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 1 (revised 2008)	Presentation of Financial Statements
FRS 23 (revised 2007)	Borrowing Costs
FRS 108	Operating Segments
Amendments to FRS 107	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

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

10. REVIEW OF GROUP PERFORMANCE

Group Overview

2Q 2009 versus 2Q 2008

	2Q 2009 \$'m	2Q 2008 \$'m	+ / (-) \$'m	+ / (-) %
Rig Building	1,030.2	861.3	168.9	19.6
Offshore and Conversion	280.4	312.7	(32.3)	(10.3)
Repair	173.0	194.5	(21.5)	(11.1)
Shipbuilding	-	1.2	(1.2)	n.m.
Other Activities	14.0	16.4	(2.4)	(14.6)
Group Turnover	1,497.6	1,386.1	111.5	8.0

Group turnover for 2Q 2009 increased by 8.0% to \$1,497.6 million from \$1,386.1 million in 2Q 2008.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 49.6% to \$166.7 million in 2Q 2009 from \$111.5 million in 2Q 2008.

Group pre-tax profit increased by 11.3% to \$178.9 million from \$160.7 million in 2Q 2008. The increase is mainly attributable to higher operating margins from rig building projects, offset by lower contribution from Cosco Shipyard Group Co. Ltd.

Group Profit Attributable to Members of the Company

Group attributable profit for 2Q 2009 increased by 7.6% to \$138.1 million from \$128.3 million in 2Q 2008.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Group Overview

1H 2009 versus 1H 2008

	1H 2009 \$'m	1H 2008 \$'m	+ / (-) \$'m	+ / (-) %
Rig Building	1,789.7	1,345.4	444.3	33.0
Offshore and Conversion	681.5	535.0	146.5	27.4
Repair	368.9	382.9	(14.0)	(3.7)
Shipbuilding	-	2.0	(2.0)	n.m.
Other Activities	21.0	36.9	(15.9)	(43.1)
Group Turnover	2,861.1	2,302.2	558.9	24.3

Group turnover for 1H 2009 increased by 24.3% to \$2,861.1 million from \$2,302.2 million in 1H 2008.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 57.8% to \$301.3 million in 1H 2009 from \$190.9 million in 1H 2008.

Group pre-tax profit increased by 19.7% to \$330.1 million from \$275.9 million in 1H 2008. The increase is mainly attributable to higher operating margins from rig building and offshore and conversion projects, offset by lower contribution from Cosco Shipyard Group Co. Ltd.

Group Profit Attributable to Members of the Company

Group attributable profit for 1H 2009 increased by 17.6% to \$258.3 million from \$219.6 million in 1H 2008.

11. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the previous forecast.

12. PROSPECTS

The Group has a net order book of S\$7.91 billion with completion and deliveries stretching till early 2012. This includes the S\$1.12 billion order contracts secured to-date since the end of 2008 comprising the building-up of two units of ultra-deepwater harsh environment semi-submersible rigs from bare-deck hulls for subsidiaries of SeaDragon Offshore Limited, two offshore platforms for Premier Oil Natuna Sea and an FPSO conversion for Modec.

Notwithstanding the current economic downturn and the restricted financing and liquidity environment for owners, the long-term fundamentals for the marine and offshore industry remain resilient with oil prices back to the US\$60 to US\$70/bbl range.

For ship repair, the near term prospect is challenging. Nevertheless, our bigger docks are at present well-booked due to the strong support of the Group's Alliance/FCC and regular customers and its niche market segment of LNG carriers.

The market for FPSO units and production platforms is expected to remain unchanged as these projects have longer gestation periods and constitute part of the owners' investment portfolio designed to provide future output to replace depleting reserves.

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.

13. DIVIDEND

(a) Current Financial Period Reported On

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	5.00 cents per ordinary share one-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	5.00 cents per ordinary share one-tier tax exempt

(c) Date payable

The interim dividend will be paid on 1 September 2009.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 20 August 2009 to 21 August 2009, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea Building, Singapore 188721, up to 5 p.m. on 19 August 2009 will be registered before entitlements to dividend are determined.

14. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: 1H 2009					
Turnover					
Sales to external parties	2,850,256	-	10,856	-	2,861,112
Inter-segment sales	-	-	77,511	(77,511)	-
Consolidated sales	2,850,256	-	88,367	(77,511)	2,861,112
Results					
Segment results	297,726	39	3,569	-	301,334
Dividend and interest income	12,121	-	9	-	12,130
Finance costs	(3,517)	-	-	-	(3,517)
Non-operating income	368	-	-	-	368
Non-operating expenses	(7,536)	-	-	-	(7,536)
Share of results of associates & joint ventures	23,531	3,825	14	-	27,370
Profit before income tax expense	322,693	3,864	3,592	-	330,149
Income tax expense	(56,281)	(657)	(582)	-	(57,520)
Profit for the period	266,412	3,207	3,010	-	272,629
Other information					
Capital expenditure	37,765	-	13,429	-	51,194
Depreciation	34,988	-	610	-	35,598
Amortisation	37	-	-	-	37
Other segment assets					
Interest bearing assets	3,152,286	15,853	25,770	-	3,193,909
Investments in associates & joint ventures	1,780,973	-	22,879	-	1,803,852
Deferred tax assets	269,859	23,355	522	-	293,736
Tax recoverable	1,259	-	59	-	1,318
	5,095	-	-	-	5,095
Total segment assets	5,209,472	39,208	49,230	-	5,297,910
Other segment liabilities					
Interest bearing liabilities	3,231,553	8	26,340	-	3,257,901
Deferred tax liabilities	214,745	-	-	-	214,745
Provision for taxation	64,835	-	614	-	65,449
	183,748	525	3,844	-	188,117
Total segment liabilities	3,694,881	533	30,798	-	3,726,212

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

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: 1H 2008					
Turnover					
Sales to external parties	2,278,510	-	23,701	-	2,302,211
Inter-segment sales	-	-	97,297	(97,297)	-
Consolidated sales	2,278,510	-	120,998	(97,297)	2,302,211
Results					
Segment results	187,651	39	3,229	-	190,919
Dividend and interest income	18,049	-	127	-	18,176
Finance costs	(6,092)	-	-	-	(6,092)
Share of results of associates & joint ventures	67,693	5,155	15	-	72,863
Profit before income tax expense	267,301	5,194	3,371	-	275,866
Income tax expense	(46,728)	(922)	(878)	-	(48,528)
Profit for the period	220,573	4,272	2,493	-	227,338
Other information					
Capital expenditure	49,559	-	2,880	-	52,439
Depreciation	31,281	-	571	-	31,852
Amortisation	795	-	-	-	795
Other segment assets	2,992,219	17,073	32,089	-	3,041,381
Interest bearing assets	1,365,893	-	18,108	-	1,384,001
Investments in associates & joint ventures	242,502	16,244	394	-	259,140
Tax recoverable	5,015	-	379	-	5,394
Total segment assets	4,605,629	33,317	50,970	-	4,689,916
Other segment liabilities	2,384,562	8	29,510	-	2,414,080
Interest bearing liabilities	422,623	-	-	-	422,623
Deferred tax liabilities	128,813	-	759	-	129,572
Provision for taxation	126,632	528	1,799	-	128,959
Total segment liabilities	3,062,630	536	32,068	-	3,095,234

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

14. 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	Eliminations \$'000	Total \$'000
1H 2009						
Revenue from external customers	460,447	845,976	1,135,215	419,474	-	2,861,112
Total segment assets	4,895,092	392,236	-	10,582	-	5,297,910
Capital expenditure	48,165	2,946	-	83	-	51,194
1H 2008						
Revenue from external customers	628,356	749,241	697,599	227,015	-	2,302,211
Total segment assets	4,279,784	395,136	-	14,996	-	4,689,916
Capital expenditure	42,745	9,660	-	34	-	52,439

14a. Review of segment performance

Please refer to paragraph 10.

15. 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)

	1H 2009 \$'000	1H 2008 \$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines Ltd and its associates	-	7,780
PSA International Pte Ltd and its associates	2,910	922
Transaction for the Purchase of Goods and Services		
PSA International Pte Ltd and its associates	-	2,880
Sembcorp Industries Limited and its associates	14,350	15,844
Management and Support Services		
Sembcorp Industries Limited	125	125
Total Interested Person Transactions	17,385	27,551

16. SUBSEQUENT EVENT

The Company's wholly-owned subsidiary, Jurong Shipyard Pte Ltd ("JSPL") has on 3rd August 2009 commenced an action in the High Court of Singapore against Societe General ("SG") to recover a sum of US\$198.9 million. This comprised of the sum of US\$83.5 million that was paid to SG before the unauthorised foreign exchange transactions ("Unauthorised Transactions") were uncovered in October 2007, and US\$115.4 million that was paid to SG as part of a pre-condition for closing out of Unauthorised Transactions with JSPL in November 2007, subject to JSPL's right to a refund of the monies from SG if the dispute is resolved in JSPL's favour.

JSPL remains of the view that the Unauthorised Transactions were not valid and binding on JSPL, and is pursuing its right to claim for a refund of the monies from SG. If JSPL succeeds in doing so, there will be an inflow of funds to be recognised in the financial statements at that relevant point in time.

17. CONFIRMATION PURSUANT TO THE RULE 705(4) 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 second quarter and half year ended 30 June 2009 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

4 August 2009