



SEMBCORP MARINE LTD
Registration Number: 196300098Z

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2011 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
	Financial Statements & Related Announcement	1 – 21
1	Consolidated Income Statement and Consolidated Statement of Comprehensive Income	1 – 4
2	Balance Sheets	5 – 7
3	Consolidated Cash Flow Statement	8 – 9
4	Statements of Changes in Equity	10 – 14
5	Audit	15
6	Auditors' Report	15
7	Accounting Policies	15
8	Changes in Accounting Policies	15
9	Review of Group Performance	15
10	Variance from Prospect Statement	16
11	Prospects	16
12	Dividend	17
13	Segmental Reporting	18 – 20
14	Interested Person Transactions	21
15	Confirmation by the Board	21

SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2011

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 2011.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		2Q 2011 \$'000	2Q 2010 \$'000	+ / (-) %	1H 2011 \$'000	1H 2010 \$'000	+ / (-) %
Turnover	1.1a	831,310	1,097,943	(24.3)	1,660,199	2,457,326	(32.4)
Cost of sales		(634,437)	(860,891)	(26.3)	(1,268,227)	(2,028,829)	(37.5)
Gross profit	1.1b	196,873	237,052	(16.9)	391,972	428,497	(8.5)
Other operating income	1.1c	3,215	8,297	(61.3)	8,758	12,044	(27.3)
Other operating expenses	1.1c	(9,454)	(8,331)	13.5	(12,310)	(19,111)	(35.6)
General and administrative expenses	1.1d	(31,842)	(34,712)	(8.3)	(63,509)	(59,543)	6.7
Operating profit		158,792	202,306	(21.5)	324,911	361,887	(10.2)
Dividend and interest income		6,153	9,633	(36.1)	8,155	23,796	(65.7)
Finance costs		(597)	(1,439)	(58.5)	(1,201)	(2,713)	(55.7)
Non-operating income		355	-	n.m.	355	-	n.m.
Share of results of associates and joint ventures		16,580	14,278	16.1	29,131	26,699	9.1
Profit before income tax expense	1.2	181,283	224,778	(19.4)	361,351	409,669	(11.8)
Income tax expense	1.3	(29,789)	(41,369)	(28.0)	(57,971)	(74,581)	(22.3)
Profit for the period		151,494	183,409	(17.4)	303,380	335,088	(9.5)
Attributable to:							
Shareholders of the Company		149,743	176,127	(15.0)	300,373	324,938	(7.6)
Non-controlling interests	1.4	1,751	7,282	(76.0)	3,007	10,150	(70.4)
		151,494	183,409	(17.4)	303,380	335,088	(9.5)
Earnings per share (cents)							
	1.5						
Basic		7.20	8.51	(15.4)	14.45	15.72	(8.1)
Diluted		7.20	8.48	(15.1)	14.43	15.66	(7.9)

n.m.: not meaningful

NOTES TO CONSOLIDATED INCOME STATEMENT:

1.1a Turnover

Group turnover for 2Q 2011 was lower at \$831.3 million from \$1,097.9 million in 2Q 2010. For 1H 2011, turnover decreased 32.4% to \$1,660.2 million mainly due to the new jackup rig building projects, secured since 4Q 2010, still at the planning stage as compared to more turnkey semi-submersible rig building projects and resumption of revenue recognition upon completion and delivery of Petro Rig III in 1H 2010.

1.1b Gross profit

Group gross profit for 2Q 2011 and 1H 2011 was lower due to lower turnover. However, gross profit margin has improved as a result of different product mix, higher operational efficiency and productivity gains on execution of repeat rig orders.

1.1c Other operating income/(expenses)

	Note	Group			Group		
		2Q 2011 \$'000	2Q 2010 \$'000	+ / (-) %	1H 2011 \$'000	1H 2010 \$'000	+ / (-) %
Foreign exchange loss, net	1.2d	(9,361)	(8,173)	14.5	(12,099)	(18,589)	(34.9)
Fair value adjustment on hedging instruments	1.2e	(493)	5,550	n.m.	573	5,969	(90.4)
Other income	1.2h	3,708	2,747	35.0	8,185	6,075	34.7
Other expenses		(93)	(158)	(41.1)	(211)	(522)	(59.6)
		<u>(6,239)</u>	<u>(34)</u>	n.m.	<u>(3,552)</u>	<u>(7,067)</u>	<u>(49.7)</u>
<i>Disclosed in Consolidated Income Statement as follows:</i>							
Other operating income		3,215	8,297	(61.3)	8,758	12,044	(27.3)
Other operating expenses		<u>(9,454)</u>	<u>(8,331)</u>	13.5	<u>(12,310)</u>	<u>(19,111)</u>	<u>(35.6)</u>
		<u>(6,239)</u>	<u>(34)</u>	n.m.	<u>(3,552)</u>	<u>(7,067)</u>	<u>(49.7)</u>

1.1d General and administrative expenses

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

1.2. Profit before income tax expense is arrived at after crediting/(charging) the following significant items:

	Note	Group			Group		
		2Q 2011	2Q 2010	+ / (-)	1H 2011	1H 2010	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Dividend income	a	4,464	3,342	33.6	4,464	3,345	33.5
Interest income	b	1,689	6,291	(73.2)	3,691	20,451	(82.0)
Interest expense	c	(40)	(164)	(75.6)	(108)	(348)	(69.0)
Depreciation and amortisation		(20,569)	(21,131)	(2.7)	(40,807)	(41,671)	(2.1)
Write-back of doubtful debts/bad debts, net		59	67	(11.9)	137	71	93.0
Allowance for inventory obsolescence, net		(35)	(33)	6.1	(69)	(66)	4.5
Foreign exchange loss, net	d	(9,361)	(8,173)	14.5	(12,099)	(18,589)	(34.9)
Gain on disposal of property, plant and equipment, net		88	38	131.6	169	205	(17.6)
Fair value adjustment on hedging instruments	e	(493)	5,550	n.m.	573	5,969	(90.4)
Fair value adjustment on interest rate swap	f	44	117	(62.4)	83	207	(59.9)
Non-operating income	g	355	-	n.m.	355	-	n.m.

	Group			Group		
	2Q 2011	2Q 2010	+ / (-)	1H 2011	1H 2010	+ / (-)
			%			%
Profit after taxation as a percentage of Turnover	18.22%	16.70%	9.1	18.27%	13.64%	33.9
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	6.80%	8.51%	(20.1)	13.65%	15.71%	(13.1)

Notes:

- a Higher dividend income in 2Q 2011 and 1H 2011 was mainly due to higher dividend received from quoted investments.
- b Higher interest income in 2Q 2010 and 1H 2010 was attributable mainly to interest received for deferred payment granted to customers.
- c Lower 2Q 2011 and 1H 2011 interest expense was mainly due to lower bank borrowing.
- d Foreign exchange loss (net) in 2Q 2011 and 1H 2011 mainly arose from the strengthening of the Singapore dollars.
- e Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- f Fair value adjustment on interest rate swap was due to interest rate movements.
- g Non-operating income in 2Q 2011 and 1H 2011 was mainly due to gain on disposal of other long-term equity investment.
- h Other income increase in 2Q 2011 and 1H 2011 was mainly due to higher scrap sales.

1.3. Income tax expense

The Group's tax charge for 2Q 2011 included an under provision of tax in respect of prior years of \$40,000 (2Q 2010: write back of an over-provision of tax in respect of prior years of \$195,000).

The Group's tax charge for 1H 2011 included a write back of an over-provision of tax in respect of prior years of \$2,280,000 (1H 2010: \$330,000).

1.4. 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".

1.5. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group			Group		
	2Q 2011	2Q 2010	+ / (-) %	1H 2011	1H 2010	+ / (-) %
(i) Based on the weighted average number of shares (cents)	7.20	8.51	(15.4)	14.45	15.72	(8.1)
Weighted average number of shares	2,082,728,118	2,073,236,221	0.5	2,078,892,501	2,067,445,043	0.6
(ii) On a fully diluted basis (cents)	7.20	8.48	(15.1)	14.43	15.66	(7.9)
Adjusted weighted average number of shares	2,085,226,118	2,080,376,221	0.2	2,081,390,501	2,074,585,043	0.3

1.6. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Group	
	2Q 2011	2Q 2010	1H 2011	1H 2010
	\$'000	\$'000	\$'000	\$'000
Profit for the period	151,494	183,409	303,380	335,088
Foreign currency translation differences	(22,359)	(181)	(33,421)	4,268
Net fair value changes of cash flow hedges	667	(7,783)	15,317	(1,724)
Net fair value changes of available-for-sale financial assets	(12,652)	34,548	(25,272)	46,851
Other comprehensive income for the period	(34,344)	26,584	(43,376)	49,395
Total comprehensive income for the period	117,150	209,993	260,004	384,483
Attributable to:				
Shareholders of the Company	117,872	203,472	260,937	374,528
Non-controlling interests	(722)	6,521	(933)	9,955
Total comprehensive income for the period	117,150	209,993	260,004	384,483

2. BALANCE SHEETS

	Group		Company	
	30-Jun-2011	31-Dec-2010	30-Jun-2011	31-Dec-2010
	\$'000	\$'000	\$'000	\$'000
Non-current Assets				
Property, plant and equipment	739,314	681,948	114,648	120,892
Investment properties	-	-	41,275	44,616
Investments in subsidiaries	-	-	458,477	482,616
Investments in associates and joint ventures	326,852	306,956	107,369	107,369
Other long-term investments	256,477	286,856	173,379	195,561
Long-term trade receivables	8,948	10,845	8,936	10,832
Other long-term receivables	64,347	54,525	48,752	59,573
Intangible assets	26,489	6,127	122	122
Deferred tax assets	47	47	-	-
Derivative financial assets	32,591	31,714	-	-
Total Non-current Assets	1,455,065	1,379,018	952,958	1,021,581
Current Assets				
Inventories and work-in-progress	1,158,502	750,749	-	-
Trade receivables	239,932	153,397	66,589	17,903
Other receivables, deposits and prepayments	44,059	40,104	8,119	8,381
Derivative financial assets	58,756	40,805	-	-
Bank balances, fixed deposits and cash	1,591,437	2,915,097	83,450	169,011
Total Current Assets	3,092,686	3,900,152	158,158	195,295
Current Liabilities				
Trade payables	1,416,357	1,453,815	33,080	43,023
Other payables	8,505	8,429	53,069	60,481
Provisions	54,601	55,383	-	-
Progress billings in excess of work-in-progress	461,635	645,704	-	-
Derivative financial liabilities	18	101	-	-
Provision for taxation	185,106	277,341	2,026	1,993
Interest-bearing borrowings	2,000	8,000	-	-
Total Current Liabilities	2,128,222	2,448,773	88,175	105,497
Net Current Assets	964,464	1,451,379	69,983	89,798
	2,419,529	2,830,397	1,022,941	1,111,379
Non-current Liabilities				
Deferred tax liabilities	104,864	103,909	41,462	43,842
Other long-term payables	8,758	8,804	-	-
Other provisions	30,553	30,758	27,895	27,895
Total Non-current Liabilities	144,175	143,471	69,357	71,737
	2,275,354	2,686,926	953,584	1,039,642
Equity attributable to shareholders of the Company				
Share capital	470,556	456,561	470,556	456,561
Reserves	1,730,712	2,142,842	483,028	583,081
	2,201,268	2,599,403	953,584	1,039,642
Non-controlling interests	74,086	87,523	-	-
Total equity	2,275,354	2,686,926	953,584	1,039,642

2a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30-Jun-2011		As at 31-Dec-2010	
Secured	Unsecured	Secured	Unsecured
2,000,000	-	8,000,000	-

Details of Collateral

Borrowing amounting to \$2,000,000 (31 December 2010: \$8,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Jun-2011	Dec-2010	+ / (-) %	Jun-2011	Dec-2010	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	105.57	125.10	(15.6)	45.73	50.03	(8.6)

2c. Explanatory Notes to Balance Sheets

(i) Group

Other long-term investments

'Other long-term investments' decreased mainly due to mark-to-market adjustments of quoted equity shares.

Long-term trade receivables

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

Other long-term receivables

'Other long-term receivables' increased mainly due to increased loan to a joint venture.

Intangible assets

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

Inventories and work-in-progress and Progress billings in excess of work-in-progress

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

Trade receivables

'Trade receivables' increased mainly due to timing of receipts.

Derivative financial assets and Derivative financial liabilities

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

Bank balances, fixed deposits and cash

'Bank balances, fixed deposits and cash' decreased mainly due to working capital and dividends paid.

2c. Explanatory Notes to Balance Sheets (cont'd)

(i) Group

Provision for taxation

'Provision for taxation' decreased due to payments made in 1H 2011.

Interest-bearing borrowings

'Interest-bearing borrowings' decreased due to repayment.

(ii) Company

Other long-term investments

'Other long-term investments' decreased mainly due to mark-to-market adjustments of quoted equity shares.

Long-term trade receivables

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

Other long-term receivables

'Other long-term receivables' decreased mainly due to repayment of loan by subsidiaries.

Trade receivables, Trade payables and Other payables

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

Bank balances, fixed deposits and cash

'Bank balances, fixed deposits and cash' decreased mainly due to dividends paid.

3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	2Q 2011	2Q 2010	1H 2011	1H 2010
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Operating profit	158,792	202,306	324,911	361,887
Adjustments for:				
Depreciation of property, plant and equipment, net	20,569	21,131	40,807	41,671
Gain on disposal of property, plant and equipment, net	(88)	(38)	(169)	(205)
Property, plant and equipment written off	43	3	45	134
Share-based payment expenses	3,521	5,652	7,042	8,591
Fair value adjustment on hedging instruments	493	(5,550)	(573)	(5,969)
Operating profit before working capital changes	183,330	223,504	372,063	406,109
Changes in working capital:				
Inventories and work-in-progress	(320,656)	80,209	(591,822)	314,341
Trade and other receivables	(95,404)	100,903	(98,435)	67,799
Trade and other payables	(42,068)	(88,935)	(13,962)	(96,731)
Cash (used in)/generated from operations	(274,798)	315,681	(332,156)	691,518
Investment and interest income received	6,228	9,591	8,262	23,780
Interest paid	(393)	(1,556)	(556)	(1,740)
Income tax paid	(121,752)	(52,347)	(146,296)	(80,730)
Net cash (outflow)/inflow from operating activities	(390,715)	271,369	(470,746)	632,828
Cash flows from Investing Activities:				
Purchase of property, plant and equipment	(54,014)	(10,414)	(103,090)	(17,044)
Proceeds from sale of property, plant and equipment	88	41	210	208
Proceeds from sale of other investment	1,685	-	1,685	-
Purchase of intangible assets	(3,330)	-	(20,362)	-
Cash paid to non-controlling interest upon liquidation of a subsidiary	-	(542)	-	(542)
Net cash outflow from investing activities	(55,571)	(10,915)	(121,557)	(17,378)
Cash flows from Financing Activities:				
Repayment of borrowings	(3,000)	(3,000)	(6,000)	(6,000)
Proceeds from borrowings	-	194	-	194
Proceeds from share options exercised	8,959	7,331	13,818	11,680
Purchase of treasury shares	-	-	(31,152)	-
Dividends paid to shareholders of the Company	(646,316)	(207,476)	(646,316)	(207,476)
Dividends paid to non-controlling interests of subsidiaries	-	(16,078)	(12,504)	(16,496)
Net cash outflow from financing activities	(640,357)	(219,029)	(682,154)	(218,098)
Net (decrease)/increase in cash and cash equivalents	(1,086,643)	41,425	(1,274,457)	397,352
Cash and cash equivalents at beginning of the period	2,713,406	2,337,067	2,915,097	1,978,548
Effect of exchange rate changes on balances held in foreign currency	(35,326)	152	(49,203)	2,744
Cash and cash equivalents at end of the period	1,591,437	2,378,644	1,591,437	2,378,644

3a. Cash and cash equivalents

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

	30-Jun-2011	30-Jun-2010
	\$'000	\$'000
Fixed deposits	1,279,313	1,992,006
Bank balances and cash	312,124	386,638
	<hr/>	<hr/>
	1,591,437	2,378,644
	<hr/>	<hr/>

3b. Explanatory Notes to Consolidated Cash Flow Statement

Cash flows from operating activities before changes in working capital decreased from \$406.1 million in 1H 2010 to \$372.1 million in 1H 2011. Net cash outflow from operating activities for 1H 2011 was \$470.7 million mainly due to an increase in working capital for the ongoing projects.

Net cash outflow from investing activities for 1H 2011 was \$121.6 million. The Group spent \$103.1 million on expansion and operational capital expenditures and \$20.4 million on intangible assets in 1H 2011.

Net cash outflow from financing activities for 1H 2011 was \$682.2 million. It relates mainly to dividends paid and purchase of treasury shares.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

	Attributable to shareholders of the Company						Total \$'000	Non- controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000			
1Q 2011									
At 1 January 2011	456,561	-	25,574	(65,147)	215,461	1,966,954	2,599,403	87,523	2,686,926
Total comprehensive income									
Profit for the period	-	-	-	-	-	150,630	150,630	1,256	151,886
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 equity holders, recorded directly in equity									
Issuance of new shares	5,099	-	-	-	(240)	-	4,859	-	4,859
Purchase of treasury shares	-	(31,152)	-	-	-	-	(31,152)	-	(31,152)
Issuance of treasury shares	-	29,321	-	-	(29,352)	-	(31)	-	(31)
Dividends paid	-	-	-	-	-	-	-	(12,504)	(12,504)
Cost of share-based payment - charged to income statement	-	-	-	-	2,428	-	2,428	-	2,428
Total transactions with equity holders	5,099	(1,831)	-	-	(27,164)	-	(23,896)	(12,504)	(36,400)
At 31 March 2011	461,660	(1,831)	25,574	(74,742)	190,327	2,117,584	2,718,572	74,808	2,793,380
2Q 2011									
Total comprehensive income									
Profit for the period	-	-	-	-	-	149,743	149,743	1,751	151,494
Other comprehensive income									
Foreign currency translation differences	-	-	-	(19,886)	-	-	(19,886)	(2,473)	(22,359)
Net fair value changes of cash flow hedges	-	-	-	-	667	-	667	-	667
Net fair value changes of available-for-sale financial assets	-	-	-	-	(12,652)	-	(12,652)	-	(12,652)
Total other comprehensive income	-	-	-	(19,886)	(11,985)	-	(31,871)	(2,473)	(34,344)
Total comprehensive income	-	-	-	(19,886)	(11,985)	149,743	117,872	(722)	117,150
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	8,896	-	-	-	-	-	8,896	-	8,896
Issuance of treasury shares	-	1,462	-	-	(1,515)	-	(53)	-	(53)
Dividends paid	-	-	-	-	-	(646,316)	(646,316)	-	(646,316)
Cost of share-based payment - charged to income statement	-	-	-	-	2,297	-	2,297	-	2,297
Total transactions with equity holders	8,896	1,462	-	-	782	(646,316)	(635,176)	-	(635,176)
At 30 June 2011	470,556	(369)	25,574	(94,628)	179,124	1,621,011	2,201,268	74,086	2,275,354

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

	Attributable to shareholders of the Company							Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
1Q 2010									
At 1 January 2010	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408
Total comprehensive income									
Profit for the period	-	-	-	-	-	148,811	148,811	2,868	151,679
Other comprehensive income									
Foreign currency translation differences	-	-	-	4,013	-	-	4,013	436	4,449
Net fair value changes of cash flow hedges	-	-	-	-	5,929	-	5,929	130	6,059
Net fair value changes of available-for-sale financial assets	-	-	-	-	12,303	-	12,303	-	12,303
Total other comprehensive income	-	-	-	4,013	18,232	-	22,245	566	22,811
Total comprehensive income	-	-	-	4,013	18,232	148,811	171,056	3,434	174,490
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	579	-	-	-	-	-	579	-	579
Issuance of treasury shares	-	25,449	-	-	(21,775)	-	3,674	-	3,674
Dividends paid	-	-	-	-	-	-	-	(418)	(418)
Cost of share-based payment - charged to income statement	-	-	-	-	2,121	-	2,121	-	2,121
Total transactions with equity holders	579	25,449	-	-	(19,654)	-	6,374	(418)	5,956
At 31 March 2010	443,926	-	25,325	(26,461)	51,691	1,567,019	2,061,500	79,354	2,140,854
2Q 2010									
Total comprehensive income									
Profit for the period	-	-	-	-	-	176,127	176,127	7,282	183,409
Other comprehensive income									
Foreign currency translation differences	-	-	-	(182)	-	-	(182)	1	(181)
Net fair value changes of cash flow hedges	-	-	-	-	(7,021)	-	(7,021)	(762)	(7,783)
Net fair value changes of available-for-sale financial assets	-	-	-	-	34,548	-	34,548	-	34,548
Total other comprehensive income	-	-	-	(182)	27,527	-	27,345	(761)	26,584
Total comprehensive income	-	-	-	(182)	27,527	176,127	203,472	6,521	209,993
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	7,218	-	-	-	(97)	-	7,121	-	7,121
Issuance of treasury shares	-	-	-	-	(51)	-	(51)	-	(51)
Dividends paid	-	-	-	-	-	(207,476)	(207,476)	(16,078)	(223,554)
Cost of share-based payment - charged to income statement	-	-	-	-	4,017	-	4,017	-	4,017
Transfer from revenue reserve to capital reserves by associate	-	-	257	-	-	(257)	-	-	-
Realisation of reserve upon liquidation of a subsidiary	-	-	-	-	-	-	-	(718)	(718)
Total transactions with equity holders	7,218	-	257	-	3,869	(207,733)	(196,389)	(16,796)	(213,185)
At 30 June 2010	451,144	-	25,582	(26,643)	83,087	1,535,413	2,068,583	69,079	2,137,662

4b. 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 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 equity holders, recorded directly in equity						
Issuance of new shares	5,099	-	-	(240)	-	4,859
Purchase of treasury shares	-	(31,152)	-	-	-	(31,152)
Issuance of treasury shares	-	29,321	-	(29,321)	-	-
Cost of share-based payment - charged to income statement	-	-	-	552	-	552
- issued to employees of subsidiaries	-	-	-	1,876	-	1,876
Total transactions with equity holders	5,099	(1,831)	-	(27,133)	-	(23,865)
At 31 March 2011	461,660	(1,831)	960	91,059	528,033	1,079,881
2Q 2011						
Total comprehensive income						
Profit for the period	-	-	-	-	517,479	517,479
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(8,716)	-	(8,716)
Total other comprehensive income	-	-	-	(8,716)	-	(8,716)
Total comprehensive income	-	-	-	(8,716)	517,479	508,763
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	8,896	-	-	-	-	8,896
Issuance of treasury shares	-	1,462	-	(1,399)	-	63
Dividends paid	-	-	-	-	(646,316)	(646,316)
Cost of share-based payment - charged to income statement	-	-	-	421	-	421
- charged to employees of subsidiaries	-	-	-	1,876	-	1,876
Total transactions with equity holders	8,896	1,462	-	898	(646,316)	(635,060)
At 30 June 2011	470,556	(369)	960	83,241	399,196	953,584

4b. Statements of Changes in Equity of the Company (cont'd)

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1Q 2010						
At 1 January 2010	443,347	(25,449)	960	64,541	510,638	994,037
Total comprehensive income						
Profit for the period	-	-	-	-	17,422	17,422
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	12,012	-	12,012
Total other comprehensive income	-	-	-	12,012	-	12,012
Total comprehensive income	-	-	-	12,012	17,422	29,434
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	579	-	-	-	-	579
Issuance of treasury shares	-	25,449	-	(21,679)	-	3,770
Cost of share-based payment						
- charged to income statement	-	-	-	406	-	406
- issued to employees of subsidiaries	-	-	-	1,722	-	1,722
Total transactions with equity holders	579	25,449	-	(19,551)	-	6,477
At 31 March 2010	443,926	-	960	57,002	528,060	1,029,948
2Q 2010						
Total comprehensive income						
Profit for the period	-	-	-	-	107,669	107,669
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	29,708	-	29,708
Total other comprehensive income	-	-	-	29,708	-	29,708
Total comprehensive income	-	-	-	29,708	107,669	137,377
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	7,218	-	-	(97)	-	7,121
Issuance of treasury shares	-	-	-	210	-	210
Dividends paid	-	-	-	-	(207,476)	(207,476)
Cost of share-based payment						
- charged to income statement	-	-	-	880	-	880
Total transactions with equity holders	7,218	-	-	993	(207,476)	(199,265)
At 30 June 2010	451,144	-	960	87,703	428,253	968,060

4c. Changes in the Company's share capital

Issued and Paid Up Capital

During 2Q 2011, the Company issued 4,252,467 ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP") (2Q 2010: 3,402,327 ordinary shares upon the exercise of options granted under the SOP and upon the vesting of restricted shares under the Company's Restricted Stock Plan ("RSP").

As at 30 June 2011, the Company's issued and paid up capital, excluding treasury shares comprises 2,085,076,193 (31 December 2010: 2,077,902,979) ordinary shares.

Share Options

During 2Q 2011, 4,252,467 (2Q 2010: 3,365,603) share options under the SOP were exercised and settled by way of issuance of new shares and 42,950 (2Q 2010: Nil) share options exercised were settled by way of issuance of treasury shares.

In 2Q 2011, 201,725 (2Q 2010: 64,225) share options lapsed.

As at 30 June 2011, there were 4,105,822 (30 June 2010: 14,325,975) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 2Q 2011, there was no (2Q 2010: 635,000) performance shares awarded 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 2011 was 1,180,000 (30 June 2010: 1,970,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,770,000 (30 June 2010: 2,955,000) performance shares.

Restricted Shares

In 2Q 2011, there was no (2Q 2010: 3,494,200) restricted shares awarded under the RSP.

During 2Q 2011, 233,192 (2Q 2010: 36,724) restricted shares were released under the RSP and 58,300 (2Q 2010: 50,138) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2011, was 7,379,935 (30 June 2010: 11,666,695). 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 2011 was 3,267,800 (30 June 2010: 6,803,230). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,901,700 (30 June 2010: 10,204,845) restricted shares.

Treasury Shares

During 2Q 2011, the Company re-issued 276,142 (2Q 2010: Nil) treasury shares pursuant to the SOP and RSP.

As at 30 June 2011, 69,695 (30 June 2010: Nil) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

5. AUDIT

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

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

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

8. CHANGES IN ACCOUNTING POLICIES

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

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

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

9. REVIEW OF GROUP PERFORMANCE

Group Turnover

	2Q 2011	2Q 2010	+/(-)	+/(-)	1H 2011	1H 2010	+/(-)	+/(-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rig Building	399.7	737.4	(337.7)	(45.8)	718.4	1,623.9	(905.5)	(55.8)
Offshore and Conversion	258.6	197.9	60.7	30.7	614.8	517.7	97.1	18.8
Repair	164.6	155.4	9.2	5.9	309.7	299.1	10.6	3.5
Other Activities	8.4	7.2	1.2	16.7	17.3	16.6	0.7	4.2
	831.3	1,097.9	(266.6)	(24.3)	1,660.2	2,457.3	(797.1)	(32.4)

Group turnover for 2Q 2011 was lower at \$831.3 million from \$1,097.9 million in 2Q 2010. For 1H 2011, turnover decreased 32.4% to \$1,660.2 million mainly due to the new jackup rig building projects, secured since 4Q 2010, still at the planning stage as compared to more turnkey semi-submersible rig building projects and resumption of revenue recognition upon completion and delivery of Petro Rig III in 1H 2010.

Group Profit Attributable to Shareholders of the Company

Group profit attributable to shareholders of the Company for 2Q 2011 and 1H 2011 was lower due to lower turnover. However, gross profit margin has improved as a result of different product mix, higher operational efficiency and productivity gains on execution of repeat rig orders.

10. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

11. PROSPECTS

The Group has a net order book of S\$5.7 billion with completion and deliveries stretching till 2014. This includes S\$2.6 billion in contract orders secured since the start of 2011, excluding ship repair contracts.

While the world economy remains fragile with short-term demands affected by recent events in Europe and the United States, there are signs of steady improvement from emerging economies that will provide support for increasing longer-term energy demand.

The fundamentals driving the offshore oil industry remain intact with exploration and production (E&P) spending by oil majors and national oil companies expected to increase in 2011. Increased spending is expected for deepwater activity, driven largely by investments in Brazil, West Africa and Asia.

As offshore rig demand continues to strengthen in most regions around the world, there is a need for technically advanced, versatile and efficient rigs that will address both the shallow and deepwater prospects. Demand for premium jack-up rigs is expected to continue with the trend of replacing older equipment with new equipment. For the deepwater segment, continued growth is expected following the resumption of drilling activities in the United States Gulf of Mexico and the strong growth in demand for development drilling in Brazil and West Africa. Enquiries for drilling rigs remain healthy.

For the fixed and floating production market, global market outlook remains positive, supported by increasing long-term demand for oil and sustainable oil prices. Demand for fixed platforms and FPSOs is expected to be strong as more oil fields move towards development phase. Sembcorp Marine with its strong track record and proven expertise is well-positioned to benefit from the growing opportunities in this sector.

The ship repair market continues to strengthen with continued demand for bigger docks. The Group has secured several long-term contracts from its customers and these long-term partners will continue to provide a stable base-load for the Group's ship repair sector.

Construction of the Phase I Integrated New Yard facility in Tuas View Extension is progressing on schedule with two drydocks due for completion by end of 2012. Upon full completion of Phase I in the second half of 2013, the Group's ship repair and conversion/offshore capacity will increase substantially.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

12. **DIVIDEND**

(a) Current Financial Period Reported On

Name of Dividend	Interim Ordinary
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 Ordinary
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 31 August 2011.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 19 August 2011 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 18 August 2011 will be registered before entitlements to dividend are determined.

13. SEGMENTAL REPORTING

1H 2011

(i) *By business segments:*

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<u>Turnover</u>					
Sales to external parties	1,647,841	-	12,358	-	1,660,199
Inter-segment sales	-	-	108,506	(108,506)	-
Total	1,647,841	-	120,864	(108,506)	1,660,199
<u>Results</u>					
Segment results	321,006	(188)	4,093	-	324,911
Dividend and interest income	8,135	-	20	-	8,155
Finance costs	(1,201)	-	-	-	(1,201)
Non-operating income	355	-	-	-	355
Share of results of associates and joint ventures	27,297	1,815	19	-	29,131
Profit before income tax expense	355,592	1,627	4,132	-	361,351
Income tax expense	(58,967)	1,496	(500)	-	(57,971)
Profit for the period	296,625	3,123	3,632	-	303,380
<u>Assets</u>					
Segment assets	4,162,789	14,441	43,622	-	4,220,852
Investments in associates and joint ventures	292,038	34,272	542	-	326,852
Deferred tax assets	-	-	47	-	47
Total assets	4,454,827	48,713	44,211	-	4,547,751
<u>Liabilities</u>					
Segment liabilities	1,949,744	2	32,681	-	1,982,427
Deferred tax liabilities	104,309	-	555	-	104,864
Provision for taxation	184,263	-	843	-	185,106
Total liabilities	2,238,316	2	34,079	-	2,272,397
Capital expenditure	123,439	-	13	-	123,452
<u>Significant non-cash item</u>					
Depreciation	40,230	-	577	-	40,807

(ii) *By geographical segments:*

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Total \$'000
Turnover from external customers	161,826	160,664	1,047,880	289,829	1,660,199
Segment assets	4,077,020	134,451	37	9,344	4,220,852
Total assets	4,111,881	426,489	37	9,344	4,547,751
Capital expenditure	121,253	1,267	-	932	123,452

13. SEGMENTAL REPORTING (Cont'd)

1H 2010

(i) *By business segments:*

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<u>Turnover</u>					
Sales to external parties	2,448,411	-	8,915	-	2,457,326
Inter-segment sales	-	-	47,057	(47,057)	-
Total	2,448,411	-	55,972	(47,057)	2,457,326
<u>Results</u>					
Segment results	358,863	16	3,008	-	361,887
Dividend and interest income	23,786	-	10	-	23,796
Finance costs	(2,713)	-	-	-	(2,713)
Share of results of associates and joint ventures	24,973	1,708	18	-	26,699
Profit before income tax expense	404,909	1,724	3,036	-	409,669
Income tax expense	(73,976)	(297)	(308)	-	(74,581)
Profit for the period	330,933	1,427	2,728	-	335,088
<u>Assets</u>					
Segment assets	4,386,829	15,255	47,178	-	4,449,262
Investments in associates and joint ventures	261,372	28,822	549	-	290,743
Deferred tax assets	-	-	47	-	47
Tax recoverable	1,715	-	1	-	1,716
Total assets	4,649,916	44,077	47,775	-	4,741,768
<u>Liabilities</u>					
Segment liabilities	2,273,047	9	14,383	-	2,287,439
Deferred tax liabilities	74,482	-	477	-	74,959
Provision for taxation	239,897	525	1,286	-	241,708
Total liabilities	2,587,426	534	16,146	-	2,604,106
Capital expenditure	17,032	-	12	-	17,044
<u>Significant non-cash item</u>					
Depreciation	41,092	-	579	-	41,671

(ii) *By geographical segments:*

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Total \$'000
Turnover from external customers	338,027	602,783	1,052,280	464,236	2,457,326
Segment assets	4,274,798	166,134	25	8,305	4,449,262
Total assets	4,305,932	427,506	25	8,305	4,741,768
Capital expenditure	16,049	995	-	-	17,044

NOTES TO SEGMENTAL REPORTING:

13a. 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.

13b. 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.

13c. Review of segment performance

Please refer to paragraph 9.

14. **INTERESTED PERSON TRANSACTIONS**

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

	1H 2011	1H 2010
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines and its associates	-	653
PSA International Pte Ltd and its associates	1,649	983
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	18,473	15,340
PSA International Pte Ltd and its associates	137	-
Management and Support Services		
Sembcorp Industries Limited	125	125
Total Interested Person Transactions	20,384	17,101

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

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the second quarter and half year ended 30 June 2011 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES

2 August 2011