



SEMBCORP MARINE LTD
Registration Number: 196300098Z

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2012 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
	Financial Statements & Related Announcement	1 – 22
1	Consolidated Income Statement	1
2	Notes to Consolidated Income Statement	2 – 5
3	Consolidated Statement of Comprehensive Income	5
4	Balance Sheets	6 – 8
5	Consolidated Statement of Cash Flows	9 – 10
6	Statements of Changes in Equity	11 – 15
7	Audit	16
8	Auditors' Report	16
9	Accounting Policies	16
10	Changes in Accounting Policies	16
11	Review of Group Performance	16
12	Variance from Prospect Statement	17
13	Prospects	17
14	Dividend	18
15	Segmental Reporting	19 – 21
16	Interested Person Transactions	22
17	Confirmation by the Board	22

SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2012

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 2012.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
Turnover	2a	1,216,989	831,310	46.4	2,159,553	1,660,199	30.1
Cost of sales	2a	(1,020,932)	(634,437)	60.9	(1,806,398)	(1,268,227)	42.4
Gross profit	2a	196,057	196,873	(0.4)	353,155	391,972	(9.9)
Other operating income	2b	5,421	3,215	68.6	14,890	8,758	70.0
Other operating expenses	2b	(6,948)	(9,454)	(26.5)	(18,857)	(12,310)	53.2
General and administrative expenses	2c	(34,707)	(31,842)	9.0	(69,160)	(63,509)	8.9
Operating profit		159,823	158,792	0.6	280,028	324,911	(13.8)
Dividend and interest income	2d	12,265	6,153	99.3	22,480	8,155	n.m.
Finance costs	2e	(858)	(597)	43.7	(1,501)	(1,201)	25.0
Non-operating income	2f	-	355	n.m.	46	355	(87.0)
Non-operating expenses	2g	(2,566)	-	n.m.	(2,566)	-	n.m.
Share of results of associates and joint ventures	2h	15,358	16,580	(7.4)	29,044	29,131	(0.3)
Profit before income tax expense		184,022	181,283	1.5	327,531	361,351	(9.4)
Income tax expense	2i	(33,802)	(29,789)	13.5	(60,402)	(57,971)	4.2
Profit for the period		150,220	151,494	(0.8)	267,129	303,380	(11.9)
Attributable to:							
Owners of the Company		142,780	149,743	(4.6)	255,865	300,373	(14.8)
Non-controlling interests	2j	7,440	1,751	n.m.	11,264	3,007	n.m.
		150,220	151,494	(0.8)	267,129	303,380	(11.9)
Earnings per share (cents)							
Basic	2k	6.84	7.20	(5.0)	12.27	14.45	(15.1)
Diluted		6.83	7.20	(5.1)	12.26	14.43	(15.0)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	Group			Group		
	2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
Turnover	1,216,989	831,310	46.4	2,159,553	1,660,199	30.1
Cost of sales	(1,020,932)	(634,437)	60.9	(1,806,398)	(1,268,227)	42.4
Gross profit	196,057	196,873	(0.4)	353,155	391,972	(9.9)
<i>Included in cost of sales:</i>						
Depreciation and amortisation	(19,200)	(18,887)	1.7	(38,379)	(37,400)	2.6
Allowance for inventory obsolescence, net	(35)	(35)	-	(69)	(69)	-

Group turnover for 2Q 2012 and 1H 2012 increased mainly due to the Group achieving initial percentage of completion (“POC”) of revenue recognition for more rig building, ship conversion and offshore projects, as compared to the corresponding period in 2011.

Group gross profit for 2Q 2012 was comparable to 2Q 2011. For 1H 2012, Group gross profit was lower primarily due to initial lower margin from new design rigs.

2b. Other operating income/(expenses)

	Group			Group		
	2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
Other operating income	5,421	3,215	68.6	14,890	8,758	70.0
Other operating expenses	(6,948)	(9,454)	(26.5)	(18,857)	(12,310)	53.2
	(1,527)	(6,239)	(75.5)	(3,967)	(3,552)	11.7
<i>Included in other operating income/(expenses):</i>						
Foreign exchange loss, net (i)	(6,819)	(9,361)	(27.2)	(18,517)	(12,099)	53.0
Fair value adjustment on hedging instruments (ii)	(3,444)	(493)	n.m.	744	573	29.8
Gain on disposal of property, plant and equipment, net	237	88	n.m.	341	169	n.m.
Other income (iii)	8,628	3,620	n.m.	13,805	8,016	72.2
Other expenses	(129)	(93)	38.7	(340)	(211)	61.1
	(1,527)	(6,239)	(75.5)	(3,967)	(3,552)	11.7

(i) Foreign exchange loss, net in 2Q 2012 and 1H 2012 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 2Q 2012 and 1H 2012 was mainly due to higher scrap sales and rental income.

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

2c. General and administrative expenses

	Group			Group		
	2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
General and administrative expenses	(34,707)	(31,842)	9.0	(69,160)	(63,509)	8.9
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(2,041)	(1,682)	21.3	(4,073)	(3,407)	19.5
Write-back of doubtful debts/bad debts, net	308	59	n.m.	223	137	62.8

The higher general and administrative expenses in 2Q 2012 and 1H 2012 was mainly due to higher personnel related costs.

2d. Dividend and interest income

	Group			Group		
	2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
Dividend and interest income	12,265	6,153	99.3	22,480	8,155	n.m.
<i>Included in dividend and interest income:</i>						
Dividend income (i)	3,342	4,464	(25.1)	3,343	4,464	(25.1)
Interest income (ii)	8,923	1,689	n.m.	19,137	3,691	n.m.
	12,265	6,153	99.3	22,480	8,155	n.m.

(i) Lower dividend income in 2Q 2012 and 1H 2012 was mainly due to lower dividend received from quoted investments.

(ii) Higher interest income in 2Q 2012 and 1H 2012 was mainly attributable to interest received for deferred payment granted to customers.

2e. Finance costs

	Group			Group		
	2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
Finance costs	(858)	(597)	43.7	(1,501)	(1,201)	25.0
<i>Included in finance costs:</i>						
Interest expense (i)	(214)	(40)	n.m.	(214)	(108)	98.1
Fair value adjustment on interest rate swap	-	44	n.m.	-	83	n.m.
Financing commitment and facility fees	(644)	(601)	7.2	(1,287)	(1,176)	9.4
	(858)	(597)	43.7	(1,501)	(1,201)	25.0

(i) Higher interest expense in 2Q 2012 and 1H 2012 was mainly due to higher bank borrowing as compared to the corresponding period in 2011.

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

2f. Non-operating income

Non-operating income arose from the gain on disposal of other long-term equity investments.

2g. Non-operating expenses

Non-operating expenses in 2Q 2012 and 1H 2012 were due to impairment of other long-term equity investments.

2h. Share of results of associates and joint ventures

The decrease in the share of results of associates and joint ventures in 2Q 2012 was mainly due to lower contribution from Cosco Shipyard Group Co. Ltd.

2i. Income tax expense

	Group			Group		
	2Q 2012	2Q 2011	+ / (-)	1H 2012	1H 2011	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Income tax expenses	(33,802)	(29,789)	13.5	(60,402)	(57,971)	4.2
<i>Included in income tax expenses:</i>						
Write back of over/(under) provision of tax in respect of prior years, net	10	(40)	n.m.	28	2,280	(98.8)

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.

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".

2k. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	2Q 2012	2Q 2011	+ / (-)	1H 2012	1H 2011	+ / (-)
			%			%
(i) Based on the weighted average number of shares (cents)	6.84	7.20	(5.0)	12.27	14.45	(15.1)
Weighted average number of shares ('000)	2,088,243	2,082,728	0.3	2,084,513	2,078,893	0.3
(ii) On a fully diluted basis (cents)	6.83	7.20	(5.1)	12.26	14.43	(15.0)
Adjusted weighted average number of shares ('000)	2,089,920	2,085,226	0.2	2,086,190	2,081,391	0.2

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

2I. Profitability ratios

	Group			Group		
	2Q 2012	2Q 2011	+ / (-) %	1H 2012	1H 2011	+ / (-) %
Profit after taxation as a percentage of Turnover	12.34%	18.22%	(32.3)	12.37%	18.27%	(32.3)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	6.30%	6.80%	(7.4)	11.29%	13.65%	(17.3)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		2Q 2012 \$'000	2Q 2011 \$'000	+ / (-) %	1H 2012 \$'000	1H 2011 \$'000	+ / (-) %
Profit for the period		150,220	151,494	(0.8)	267,129	303,380	(11.9)
Foreign currency translation differences	(i)	4,617	(22,359)	n.m.	(21,096)	(33,421)	(36.9)
Net fair value changes of cash flow hedges	(ii)	(21,824)	667	n.m.	9,921	15,317	(35.2)
Net fair value changes of available-for-sale financial assets	(iii)	(15,530)	(12,652)	22.7	17,152	(25,272)	n.m.
Other comprehensive income for the period		(32,737)	(34,344)	(4.7)	5,977	(43,376)	n.m.
Total comprehensive income for the period		117,483	117,150	0.3	273,106	260,004	5.0
Attributable to:							
Owners of the Company		109,478	117,872	(7.1)	263,864	260,937	1.1
Non-controlling interests		8,005	(722)	n.m.	9,242	(933)	n.m.
Total comprehensive income for the period		117,483	117,150	0.3	273,106	260,004	5.0

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences 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	
	30-Jun-2012 \$'000	31-Dec-2011 \$'000	30-Jun-2012 \$'000	31-Dec-2011 \$'000
Non-current Assets				
Property, plant and equipment	1,211,599	1,034,345	105,590	111,418
Investment properties	-	-	34,869	38,014
Investments in subsidiaries	-	-	445,748	448,975
Investments in associates and joint ventures	403,194	380,065	107,369	107,369
Other long-term investments	143,228	126,956	102,506	90,413
Long-term trade receivables	5,367	7,301	24,886	26,532
Other long-term receivables	63,875	65,220	46,902	48,752
Intangible assets	35,337	36,996	122	122
Deferred tax assets	826	1,894	-	-
Derivative financial assets	2,837	-	-	-
Total Non-current Assets	1,866,263	1,652,777	867,992	871,595
Current Assets				
Inventories and work-in-progress	1,433,732	926,248	-	-
Trade receivables	355,820	420,842	61,972	36,634
Other receivables, deposits and prepayments	68,465	59,639	6,485	7,052
Derivative financial assets	6,852	2,528	-	-
Cash and cash equivalents	1,199,966	1,989,612	78,243	126,808
Total Current Assets	3,064,835	3,398,869	146,700	170,494
Current Liabilities				
Trade payables	1,542,182	1,777,139	28,874	36,912
Other payables	10,577	9,254	33,734	33,096
Provisions	40,654	47,334	-	-
Progress billings in excess of work-in-progress	629,140	352,445	-	-
Derivative financial liabilities	4,025	4,993	-	-
Provision for taxation	173,865	173,976	1,581	1,554
Interest-bearing borrowings	34,312	35,111	-	-
Total Current Liabilities	2,434,755	2,400,252	64,189	71,562
Net Current Assets	630,080	998,617	82,511	98,932
	2,496,343	2,651,394	950,503	970,527
Non-current Liabilities				
Deferred tax liabilities	88,832	85,197	28,631	27,381
Derivative financial liabilities	983	13,659	-	-
Other long-term payables	15,667	16,116	-	-
Other provisions	30,150	30,342	27,895	27,895
Total Non-current Liabilities	135,632	145,314	56,526	55,276
	2,360,711	2,506,080	893,977	915,251
Equity attributable to owners of the Company				
Share capital	480,086	470,596	480,086	470,596
Reserves	1,786,270	1,943,661	413,891	444,655
	2,266,356	2,414,257	893,977	915,251
Non-controlling interests	94,355	91,823	-	-
Total equity	2,360,711	2,506,080	893,977	915,251

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

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

Amount repayable in one year or less, or on demand

As at 30-Jun-2012		As at 31-Dec-2011	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	34,312	-	35,111

4b. **Net asset value**

	Group		Company	
	30-Jun-2012	31-Dec-2011	30-Jun-2012	31-Dec-2011
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	108.56	115.92	42.82	43.95

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

(i) Group

Property, plant and equipment

'Property, plant and equipment' increased mainly due to capital expenditures for the Integrated New Yard facility in Tuas View Extension.

Other long-term investments

'Other long-term investments' increased mainly due to mark-to-market adjustments of quoted equity shares in Cosco Corporation (Singapore) Limited.

Deferred tax assets and Deferred tax liabilities

'Deferred tax assets' decreased and 'Deferred tax liabilities' increased mainly due to the tax effects of mark-to-market adjustments of quoted equity shares in Cosco Corporation (Singapore) Limited and foreign currency forward contracts.

Long-term trade receivables

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

Derivative financial assets and Derivative financial liabilities

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

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

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

Trade receivables, Other receivables, deposits and prepayments, Trade payables, Other payables and Provisions

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

Cash and cash equivalents

'Cash and cash equivalents' decreased mainly due to the capital expenditures for the Integrated New Yard facility in Tuas View Extension, dividends paid and working capital changes for ongoing projects.

4. BALANCE SHEETS (Cont'd)

4c. Explanatory notes to Balance Sheets (Cont'd)

(ii) Company

Other long-term investments

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

Trade receivables and Trade payables

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

Cash and cash equivalents

'Cash and cash equivalents' decreased mainly due to dividends paid.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	2Q 2012 \$'000	2Q 2011 \$'000	1H 2012 \$'000	1H 2011 \$'000
Cash flows from Operating Activities:				
Operating profit	159,823	158,792	280,028	324,911
Adjustments for:				
Depreciation of property, plant and equipment, net	20,402	20,569	40,774	40,807
Amortisation of intangible assets	839	-	1,678	-
Gain on disposal of property, plant and equipment, net	(237)	(88)	(341)	(169)
Property, plant and equipment written off	47	43	435	45
Share-based payment expenses	7,756	3,521	13,416	7,042
Fair value adjustment on hedging instruments	3,444	493	(744)	(573)
Operating profit before working capital changes	192,074	183,330	335,246	372,063
Changes in working capital:				
Inventories and work-in-progress	(253,481)	(320,656)	(230,789)	(591,822)
Trade and other receivables	(9,036)	(95,404)	59,160	(98,435)
Trade and other payables	13,056	(42,068)	(261,776)	(13,962)
Cash used in operations	(57,387)	(274,798)	(98,159)	(332,156)
Investment and interest income received	12,235	6,228	22,475	8,262
Interest paid	(635)	(393)	(740)	(556)
Income tax paid	(40,992)	(121,752)	(51,524)	(146,296)
Net cash outflow from operating activities	(86,779)	(390,715)	(127,948)	(470,746)
Cash flows from Investing Activities:				
Purchase of property, plant and equipment	(125,422)	(54,014)	(221,446)	(103,090)
Proceeds from sale of property, plant and equipment	237	88	344	210
Proceeds from sale of other investment	-	1,685	349	1,685
Purchase of intangible assets	(8)	(3,330)	(19)	(20,362)
Investment in associate and joint venture	(746)	-	(10,746)	-
Dividend from associate	781	-	781	-
Net cash outflow from investing activities	(125,158)	(55,571)	(230,737)	(121,557)
Cash flows from Financing Activities:				
Repayment of borrowings	-	(3,000)	-	(6,000)
Proceeds from share options exercised	534	8,959	1,961	13,818
Purchase of treasury shares	(4,359)	-	(4,359)	(31,152)
Dividends paid to owners of the Company	(417,678)	(646,316)	(417,678)	(646,316)
Dividends paid to non-controlling interests of subsidiaries	(6,710)	-	(6,710)	(12,504)
Return of unclaimed dividends	11	-	11	-
Net cash outflow from financing activities	(428,202)	(640,357)	(426,775)	(682,154)
Net decrease in cash and cash equivalents	(640,139)	(1,086,643)	(785,460)	(1,274,457)
Cash and cash equivalents at beginning of the period	1,837,815	2,713,406	1,989,612	2,915,097
Effect of exchange rate changes on balances held in foreign currency	2,290	(35,326)	(4,186)	(49,203)
Cash and cash equivalents at end of the period	1,199,966	1,591,437	1,199,966	1,591,437

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:

	30-Jun-2012	30-Jun-2011
	\$'000	\$'000
Fixed deposits	896,004	1,279,313
Bank balances and cash	303,962	312,124
	<u>1,199,966</u>	<u>1,591,437</u>

5b. Explanatory notes to Consolidated Statement of Cash Flows

(i) Second Quarter

Cash flows from operating activities before changes in working capital was \$192.1 million in 2Q 2012. Net cash outflow from operating activities for 2Q 2012 decreased to \$86.8 million mainly due to a decrease in working capital for the ongoing projects and lower income tax paid.

Net cash outflow from investing activities for 2Q 2012 was \$125.2 million. The Group spent \$125.4 million on expansion and operational capital expenditure, mainly for the Integrated New Yard facility in Tuas View Extension.

Net cash outflow from financing activities for 2Q 2012 was \$428.2 million. It relates mainly to dividends paid.

(ii) Half Year

Cash flows from operating activities before changes in working capital was \$335.2 million in 1H 2012. Net cash outflow from operating activities for 1H 2012 decreased to \$127.9 million mainly due to a decrease in working capital for the ongoing projects and lower income tax paid.

Net cash outflow from investing activities for 1H 2012 was \$230.7 million. The Group spent \$221.4 million on expansion and operational capital expenditure, mainly for the Integrated New Yard facility in Tuas View Extension and \$10.7 million on investment in associate and joint venture.

Net cash outflow from financing activities for 1H 2012 was \$426.8 million. It relates mainly to dividends paid.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company						Total	Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
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
2Q 2012									
Total comprehensive income									
Profit for the period	-	-	-	-	-	142,780	142,780	7,440	150,220
Other comprehensive income									
Foreign currency translation differences	-	-	-	4,052	-	-	4,052	565	4,617
Net fair value changes of cash flow hedges	-	-	-	-	(21,824)	-	(21,824)	-	(21,824)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(15,530)	-	(15,530)	-	(15,530)
Total other comprehensive income	-	-	-	4,052	(37,354)	-	(33,302)	565	(32,737)
Total comprehensive income	-	-	-	4,052	(37,354)	142,780	109,478	8,005	117,483
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	910	-	-	-	(8,908)	-	(7,998)	-	(7,998)
Purchase of treasury shares	-	(4,359)	-	-	-	-	(4,359)	-	(4,359)
Issuance of treasury shares	-	260	-	-	8,226	-	8,486	-	8,486
Dividends paid	-	-	-	-	-	(417,678)	(417,678)	(6,710)	(424,388)
Return of unclaimed dividends	-	-	-	-	-	11	11	-	11
Cost of share-based payment - charged to profit or loss	-	-	-	-	5,729	-	5,729	-	5,729
Total transactions with owners	910	(4,099)	-	-	5,047	(417,667)	(415,809)	(6,710)	(422,519)
At 30 June 2012	480,086	(4,099)	25,574	(71,870)	30,111	1,806,554	2,266,356	94,355	2,360,711

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

6a. Statements of Changes in Equity for the Group (Cont'd)

	Attributable to owners of the Company						Total	Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
1Q 2011									
At 1 January 2011	456,561	-	25,574	(65,147)	215,461	1,966,954	2,599,403	87,523	2,686,926
Total comprehensive income									
Profit for the period	-	-	-	-	-	150,630	150,630	1,256	151,886
Other comprehensive income									
Foreign currency translation differences	-	-	-	(9,595)	-	-	(9,595)	(1,467)	(11,062)
Net fair value changes of cash flow hedges	-	-	-	-	14,650	-	14,650	-	14,650
Net fair value changes of available-for-sale financial assets	-	-	-	-	(12,620)	-	(12,620)	-	(12,620)
Total other comprehensive income	-	-	-	(9,595)	2,030	-	(7,565)	(1,467)	(9,032)
Total comprehensive income	-	-	-	(9,595)	2,030	150,630	143,065	(211)	142,854
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	5,099	-	-	-	(240)	-	4,859	-	4,859
Purchase of treasury shares	-	(31,152)	-	-	-	-	(31,152)	-	(31,152)
Issuance of treasury shares	-	29,321	-	-	(29,352)	-	(31)	-	(31)
Dividends paid	-	-	-	-	-	-	-	(12,504)	(12,504)
Cost of share-based payment - charged to profit or loss	-	-	-	-	2,428	-	2,428	-	2,428
Total transactions with owners	5,099	(1,831)	-	-	(27,164)	-	(23,896)	(12,504)	(36,400)
At 31 March 2011	461,660	(1,831)	25,574	(74,742)	190,327	2,117,584	2,718,572	74,808	2,793,380
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 owners of the Company, recognised 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 profit or loss	-	-	-	-	2,297	-	2,297	-	2,297
Total transactions with owners	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

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1Q 2012						
At 1 January 2012	470,596	(10,555)	960	24,767	429,483	915,251
Total comprehensive income						
Profit for the period	-	-	-	-	686	686
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	23,045	-	23,045
Total other comprehensive income	-	-	-	23,045	-	23,045
Total comprehensive income	-	-	-	23,045	686	23,731
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	8,580	-	-	-	-	8,580
Issuance of treasury shares	-	10,555	-	(17,708)	-	(7,153)
Cost of share-based payment	-	-	-	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
2Q 2012						
Total comprehensive income						
Profit for the period	-	-	-	-	380,032	380,032
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(11,899)	-	(11,899)
Total other comprehensive income	-	-	-	(11,899)	-	(11,899)
Total comprehensive income	-	-	-	(11,899)	380,032	368,133
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	910	-	-	(8,908)	-	(7,998)
Purchase of treasury shares	-	(4,359)	-	-	-	(4,359)
Issuance of treasury shares	-	260	-	8,272	-	8,532
Dividends paid	-	-	-	-	(417,678)	(417,678)
Return of unclaimed dividends	-	-	-	-	11	11
Cost of share-based payment	-	-	-	1,388	-	1,388
- charged to profit or loss	-	-	-	2,911	-	2,911
- issued to employees of subsidiaries	-	-	-	-	-	-
Total transactions with owners	910	(4,099)	-	3,663	(417,667)	(417,193)
At 30 June 2012	480,086	(4,099)	960	24,496	392,534	893,977

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

6b. 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 2011						
At 1 January 2011	456,561	-	960	127,948	454,173	1,039,642
Total comprehensive income						
Profit for the period	-	-	-	-	73,860	73,860
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(9,756)	-	(9,756)
Total other comprehensive income	-	-	-	(9,756)	-	(9,756)
Total comprehensive income	-	-	-	(9,756)	73,860	64,104
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	5,099	-	-	(240)	-	4,859
Purchase of treasury shares	-	(31,152)	-	-	-	(31,152)
Issuance of treasury shares	-	29,321	-	(29,321)	-	-
Cost of share-based payment						
- charged to profit or loss	-	-	-	552	-	552
- issued to employees of subsidiaries	-	-	-	1,876	-	1,876
Total transactions with owners	5,099	(1,831)	-	(27,133)	-	(23,865)
At 31 March 2011	461,660	(1,831)	960	91,059	528,033	1,079,881
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 owners of the Company, recognised 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 profit or loss	-	-	-	421	-	421
- issued to employees of subsidiaries	-	-	-	1,876	-	1,876
Total transactions with owners	8,896	1,462	-	898	(646,316)	(635,060)
At 30 June 2011	470,556	(369)	960	83,241	399,196	953,584

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

6c. Changes in the Company's share capital

Issued and Paid Up Capital

During 2Q 2012, the Company issued 311,980 ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP") and upon the vesting of restricted shares under the Company's Restricted Share Plan ("RSP") (2Q 2011: 4,252,467 ordinary shares for cash upon the exercise of options granted under the SOP).

As at 30 June 2012, the Company's issued and paid up capital, excluding treasury shares comprises 2,087,585,725 (31 December 2011: 2,082,711,503) ordinary shares.

Share Options

During 2Q 2012, 29,100 (2Q 2011: 42,950) share options under the SOP were exercised and settled by way of issuance of treasury shares and 207,880 (2Q 2011: 4,252,467) share options exercised were settled by way of issuance of new shares.

In 2Q 2012, 5,425 (2Q 2011: 201,725) share options lapsed.

As at 30 June 2012, there were 2,899,357 (30 June 2011: 4,105,822) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 2Q 2012, 675,000 (2Q 2011: Nil) performance shares were awarded under the Company's Performance Share Plan ("PSP") and 30,000 (2Q 2011: Nil) performance shares lapsed.

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 2012 was 1,865,000 (30 June 2011: 1,180,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,797,500 (30 June 2011: 1,770,000) performance shares.

Restricted Shares

In 2Q 2012, 2,862,900 (2Q 2011: Nil) restricted shares were awarded under the RSP.

During 2Q 2012, 134,500 (2Q 2011: 233,192) restricted shares were released under the RSP and 108,600 (2Q 2011: 58,300) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2012 was 9,808,130 (30 June 2011: 7,379,935). 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 2012 was 5,770,300 (30 June 2011: 3,267,800). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 8,655,450 (30 June 2011: 4,901,700) restricted shares.

Treasury Shares

During 2Q 2012, the Company acquired 1,000,000 (2Q 2011: Nil) ordinary shares in the Company by way of on-market purchases.

In 2Q 2012, 59,500 (2Q 2011: 276,142) treasury shares were re-issued pursuant to the SOP and RSP.

As at 30 June 2012, 940,500 (30 June 2011: 69,695) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

7. AUDIT

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

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2011.

10. CHANGES IN ACCOUNTING POLICIES

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

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

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

11. REVIEW OF GROUP PERFORMANCE

Turnover

	2Q 2012	2Q 2011	+ / (-)	+ / (-)	1H 2012	1H 2011	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rig Building	664.3	399.7	264.6	66.2	1,057.7	718.4	339.3	47.2
Offshore and Conversion	364.1	258.6	105.5	40.8	765.1	614.8	150.3	24.4
Repair	179.1	164.6	14.5	8.8	321.7	309.7	12.0	3.9
Other Activities	9.5	8.4	1.1	13.1	15.1	17.3	(2.2)	(12.7)
	<u>1,217.0</u>	<u>831.3</u>	<u>385.7</u>	<u>46.4</u>	<u>2,159.6</u>	<u>1,660.2</u>	<u>499.4</u>	<u>30.1</u>

Group turnover for 2Q 2012 and 1H 2012 increased mainly due to the Group achieving initial percentage of completion ("POC") of revenue recognition for more rig building, ship conversion and offshore projects, as compared to the corresponding period in 2011.

Operating profit

Group operating profit for 2Q 2012 was comparable to 2Q 2011. For 1H 2012, Group operating profit was lower primarily due to the initial lower margin from new design rigs.

Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 2Q 2012 and 1H 2012 was lower due to lower operating profit from rig building projects. This was offset by the higher interest income received for deferred payment granted to customers in 2Q 2012 and 1H 2012.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The Group has secured contract orders worth a total of \$3.1 billion (excluding ship repair) since the start of the year, growing the Group's net order book from \$5.1 billion as at end 2011 to \$6.6 billion, with completion and deliveries extending till 2Q 2015.

Amid the economic uncertainty and volatile global market conditions, the fundamentals for offshore oil and gas activities remain intact driven by demand for technically advanced, versatile and efficient rigs that are capable of shallow and deepwater drilling. For the deepwater segment, continued growth is expected given the tight supply of deepwater rigs.

Demand for floating platforms and FPSOs is expected to be robust as more discoveries move into development phase. Sembcorp Marine with its strong track record and proven expertise is well-positioned to benefit from the growing opportunities in this sector.

Despite the challenging shipping market environment, there is continued demand from LNG carriers for repairs and life extension work. Repair and upgrading work for cruise ships and offshore vessels continue to be strong. Demand for the Group's big docks remains strong given the stable base load and steadfast support from the yards' Alliance/FCC and long-term customers.

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**

(a) Current Financial Period Reported On

Name of Dividend	Interim Ordinary One-tier tax exempt
Dividend Type	Cash
Dividend Amount (cents per share)	5.0

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim Ordinary One-tier tax exempt
Dividend Type	Cash
Dividend Amount (cents per share)	5.0

(c) Date payable

The interim dividend will be paid on 31 August 2012.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 21 August 2012 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 17 August 2012 will be registered before entitlements to dividend are determined.

15. SEGMENTAL REPORTING

1H 2012

(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	2,150,497	-	9,056	-	2,159,553
Inter-segment sales	-	-	99,925	(99,925)	-
Total	2,150,497	-	108,981	(99,925)	2,159,553
<u>Results</u>					
Segment results	276,643	(81)	3,466	-	280,028
Dividend and interest income	22,464	-	16	-	22,480
Finance costs	(1,501)	-	-	-	(1,501)
Non-operating income	46	-	-	-	46
Non-operating expenses	(2,566)	-	-	-	(2,566)
Share of results of associates and joint ventures	22,973	5,127	944	-	29,044
Profit before income tax expense	318,059	5,046	4,426	-	327,531
Income tax expense	(59,801)	5	(606)	-	(60,402)
Profit for the period	258,258	5,051	3,820	-	267,129
<u>Assets</u>					
Segment assets	4,467,885	14,605	44,541	-	4,527,031
Investments in associates and joint ventures	358,423	42,515	2,256	-	403,194
Deferred tax assets	779	-	47	-	826
Tax recoverable	47	-	-	-	47
Total assets	4,827,134	57,120	46,844	-	4,931,098
<u>Liabilities</u>					
Segment liabilities	2,285,490	2	22,198	-	2,307,690
Deferred tax liabilities	88,214	-	618	-	88,832
Provision for taxation	172,709	-	1,156	-	173,865
Total liabilities	2,546,413	2	23,972	-	2,570,387
<u>Capital expenditure</u>	232,197	-	14	-	232,211
<u>Significant non-cash item</u>					
Depreciation	40,214	-	560	-	40,774
Amortisation	1,678	-	-	-	1,678

(ii) By geographical segments:

	Singapore \$'000	Rest of Asia & Australia \$'000	Europe \$'000	Others \$'000	Total \$'000
Turnover from external customers	195,511	698,052	768,143	497,847	2,159,553
Segment assets	4,365,276	121,244	41	40,470	4,527,031
Total assets	4,427,496	463,053	41	40,508	4,931,098
Capital expenditure	211,259	9,962	-	10,990	232,211

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

1H 2011

(i) **By business segments:**

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	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
Results					
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
Assets					
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
Liabilities					
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
Significant non-cash item					
Depreciation	40,230	-	577	-	40,807

(ii) **By geographical segments:**

	Singapore \$'000	Rest of Asia & Australia \$'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

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)

	1H 2012	1H 2011
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	879	1,649
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	19,971	18,473
PSA International Pte Ltd and its associates	105	137
Singapore Technologies Engineering Ltd and its associates	106	-
Singapore Technologies Telemedia Pte Ltd and its associates	370	-
Management and Support Services		
Sembcorp Industries Limited	125	125
Total Interested Person Transactions	21,556	20,384

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 second quarter and half year ended 30 June 2012 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

2 August 2012