



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2013 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2013**

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 2013.

**1. CONSOLIDATED INCOME STATEMENT**

		Group			Group		
	Note	2Q 2013 \$'000	2Q 2012 \$'000	+ / (-) %	1H 2013 \$'000	1H 2012 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>1,124,247</b>	<b>1,216,989</b>	<b>(7.6)</b>	<b>2,174,369</b>	<b>2,159,553</b>	<b>0.7</b>
Cost of sales		(981,309)	(1,020,932)	(3.9)	(1,875,709)	(1,806,398)	3.8
<b>Gross profit</b>		<b>142,938</b>	<b>196,057</b>	<b>(27.1)</b>	<b>298,660</b>	<b>353,155</b>	<b>(15.4)</b>
Other operating income	2b	39,358	5,421	n.m.	56,683	14,890	n.m.
Other operating expenses	2b	(1,596)	(6,948)	(77.0)	(3,546)	(18,857)	(81.2)
General and administrative expenses	2c	(34,548)	(34,707)	(0.5)	(62,195)	(69,160)	(10.1)
<b>Operating profit</b>		<b>146,152</b>	<b>159,823</b>	<b>(8.6)</b>	<b>289,602</b>	<b>280,028</b>	<b>3.4</b>
Finance income	2d	1,964	8,923	(78.0)	2,747	19,137	(85.6)
Finance costs	2e	(2,168)	(858)	n.m.	(3,524)	(1,501)	n.m.
Investment income	2f	2,228	3,342	(33.3)	2,228	3,343	(33.4)
Non-operating income	2g	2,816	-	n.m.	2,816	46	n.m.
Non-operating expenses	2h	(5)	(2,566)	(99.8)	(5)	(2,566)	(99.8)
Share of results of associates and joint ventures	2i	5,078	15,358	(66.9)	11,257	29,044	(61.2)
<b>Profit before tax</b>		<b>156,065</b>	<b>184,022</b>	<b>(15.2)</b>	<b>305,121</b>	<b>327,531</b>	<b>(6.8)</b>
Tax expense	2j	(24,938)	(33,802)	(26.2)	(51,366)	(60,402)	(15.0)
<b>Profit for the period</b>		<b>131,127</b>	<b>150,220</b>	<b>(12.7)</b>	<b>253,755</b>	<b>267,129</b>	<b>(5.0)</b>
<b>Profit attributable to:</b>							
Owners of the Company		<b>124,885</b>	<b>142,780</b>	<b>(12.5)</b>	<b>243,628</b>	<b>255,865</b>	<b>(4.8)</b>
Non-controlling interests	2k	6,242	7,440	(16.1)	10,127	11,264	(10.1)
<b>Profit for the period</b>		<b>131,127</b>	<b>150,220</b>	<b>(12.7)</b>	<b>253,755</b>	<b>267,129</b>	<b>(5.0)</b>
<b>Earnings per share (cents)</b>	2l						
Basic		5.98	6.84	(12.6)	11.67	12.27	(4.9)
Diluted		5.98	6.83	(12.4)	11.66	12.26	(4.9)

n.m.: not meaningful

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

		Group			Group		
		2Q 2013 \$'000	2Q 2012 \$'000	+ / (-) %	1H 2013 \$'000	1H 2012 \$'000	+ / (-) %
Turnover	(i)	1,124,247	1,216,989	(7.6)	2,174,369	2,159,553	0.7
Cost of sales		(981,309)	(1,020,932)	(3.9)	(1,875,709)	(1,806,398)	3.8
Gross profit	(ii)	142,938	196,057	(27.1)	298,660	353,155	(15.4)
<i>Included in cost of sales:</i>							
Depreciation and amortisation		(23,899)	(19,200)	24.5	(47,115)	(38,379)	22.8
Allowance for inventory obsolescence		(35)	(35)	-	(69)	(69)	-

- (i) Group turnover for 2Q 2013 decreased mainly due to the lower revenue recognition for rig building, offshore and conversion projects. In 2Q 2012, the Group achieved initial percentage of completion of revenue recognition for more rig building, offshore and conversion projects.

Group turnover for 1H 2013 was 1% higher mainly due to higher revenue recognition for rig building projects offset by lower revenue recognition for offshore and conversion projects.

- (ii) Gross profit in 2Q 2013 and 1H 2013 decreased due to lower margin recognised during the periods.

### 2b. Other operating income/(expenses)

		Group			Group		
		2Q 2013 \$'000	2Q 2012 \$'000	+ / (-) %	1H 2013 \$'000	1H 2012 \$'000	+ / (-) %
Other operating income		39,358	5,421	n.m.	56,683	14,890	n.m.
Other operating expenses		(1,596)	(6,948)	(77.0)	(3,546)	(18,857)	(81.2)
		37,762	(1,527)	n.m.	53,137	(3,967)	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	14,484	(6,819)	n.m.	16,147	(18,517)	n.m.
Fair value adjustment on hedging instruments	(ii)	(1,429)	(3,444)	(58.5)	(3,330)	744	n.m.
Gain on disposal of property, plant and equipment, net		13,708	237	n.m.	13,741	341	n.m.
Other income	(iii)	11,166	8,628	29.4	26,795	13,805	94.1
Other expenses		(167)	(129)	29.5	(216)	(340)	(36.5)
		37,762	(1,527)	n.m.	53,137	(3,967)	n.m.

- (i) Foreign exchange gain in 2Q 2013 and 1H 2013 mainly arose from the revaluation of assets denominated in Euro and United States dollar to Singapore dollar.

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

- (iii) Other income increased in 1H 2013 was mainly due to settlement of claims, higher rental income and sales of scrap.

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

### 2c. General and administrative expenses

	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
General and administrative expenses (i)	(34,548)	(34,707)	(0.5)	(62,195)	(69,160)	(10.1)
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(870)	(2,041)	(57.4)	(1,703)	(4,073)	(58.2)
(Allowance for)/write-back of doubtful debts and bad debts	(165)	308	n.m.	(222)	223	n.m.

(i) Lower general and administrative expenses in 1H 2013 were mainly due to lower personnel related expenses and professional fees.

### 2d. Finance income

In 2Q 2012 and 1H 2012, higher finance income was mainly attributable to interest income received for deferred payment granted to customers.

### 2e. Finance costs

	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Finance costs	(2,168)	(858)	n.m.	(3,524)	(1,501)	n.m.
<i>Included in finance costs:</i>						
Interest expense (i)	(1,700)	(214)	n.m.	(2,429)	(214)	n.m.
Commitment and facility fees	(468)	(644)	(27.3)	(1,095)	(1,287)	(14.9)
	(2,168)	(858)	n.m.	(3,524)	(1,501)	n.m.

(i) Higher interest expense in 2Q 2013 and 1H 2013 was mainly due to higher bank borrowing as compared to the corresponding periods in 2012.

### 2f. Investment income

Lower investment income in 2Q 2013 and 1H 2013 was mainly due to lower dividend received from quoted investments.

### 2g. Non-operating income

	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Non-operating income	2,816	-	n.m.	2,816	46	n.m.
<i>Included in non-operating income:</i>						
Gain on disposal of an associate	2,816	-	n.m.	2,816	-	n.m.
Gain on disposal of other long-term equity investments	-	-	-	-	46	n.m.
	2,816	-	n.m.	2,816	46	n.m.

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

### 2h. Non-operating expenses

Non-operating expenses were mainly due to impairment of other long-term equity investments.

### 2i. Share of results of associates and joint ventures

The decrease in the share of results of associates and joint ventures in 2Q 2013 and 1H 2013 was mainly due to lower contribution from associates.

### 2j. Tax expense

	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Tax expense	(24,938)	(33,802)	(26.2)	(51,366)	(60,402)	(15.0)
<i>Included in tax expense:</i>						
Write back of over provision of tax in respect of prior years, net	889	10	n.m.	1,065	28	n.m.

### 2k. Non-controlling interests

On 15 May 2010, the Company commenced proceedings in the High Court of Singapore against PPL Holdings Pte Ltd and its wholly owned subsidiary, E-Interface Holdings Limited for various reliefs, including the transfer of the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. On 30 May 2012, the High Court released its judgement together with the Grounds of Decision. The decision was not favourable to the Company. On 29 June 2012, the Company filed an appeal to the Court of Appeal which was heard on 8 November 2012.

On 25 July 2013, the Court of Appeal ruled, in favour of the Company, that certain provisions in the Joint Venture Agreement between the Company and PPL Holdings Pte Ltd premised on equal shareholding no longer applied when the Company increased its shareholding from 50 per cent to 85 per cent in PPLS. Arising from the decision of the Court of Appeal, the Company will have full control of PPLS Board. 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".

### 2l. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
			%			%
(i) Based on the weighted average number of shares (cents)	5.98	6.84	(12.6)	11.67	12.27	(4.9)
Weighted average number of shares ('000)	2,089,444	2,088,243	0.1	2,088,267	2,084,513	0.2
(ii) On a fully diluted basis (cents)	5.98	6.83	(12.4)	11.66	12.26	(4.9)
Adjusted weighted average number of shares ('000)	2,090,682	2,089,920	n.m.	2,089,505	2,086,190	0.2

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

### 2m. Profitability ratios

	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	%	%	%	%	%	%
Profit after taxation as a percentage of Turnover	11.66	12.34	(5.5)	11.67	12.37	(5.7)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	5.06	6.30	(19.7)	9.87	11.29	(12.6)

## 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>		<b>131,127</b>	<b>150,220</b>	<b>(12.7)</b>	<b>253,755</b>	<b>267,129</b>	<b>(5.0)</b>
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences	3a(i)	8,157	4,617	76.7	32,464	(21,096)	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(19,450)	(21,824)	(10.9)	(42,904)	9,921	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	(19,612)	(15,530)	26.3	(24,624)	17,152	n.m.
Other comprehensive income for the period, net of tax		(30,905)	(32,737)	(5.6)	(35,064)	5,977	n.m.
<b>Total comprehensive income for the period</b>		<b>100,222</b>	<b>117,483</b>	<b>(14.7)</b>	<b>218,691</b>	<b>273,106</b>	<b>(19.9)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		93,662	109,478	(14.4)	206,061	263,864	(21.9)
Non-controlling interests		6,560	8,005	(18.1)	12,630	9,242	36.7
<b>Total comprehensive income for the period</b>		<b>100,222</b>	<b>117,483</b>	<b>(14.7)</b>	<b>218,691</b>	<b>273,106</b>	<b>(19.9)</b>

### 3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences mainly arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts.
- (iii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.

#### 4. BALANCE SHEETS

	Group		Company	
	30-Jun-2013 \$'000	31-Dec-2012 \$'000	30-Jun-2013 \$'000	31-Dec-2012 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	1,942,079	1,476,206	93,641	99,618
Investment properties	-	-	27,676	31,123
Investments in subsidiaries	-	-	442,003	451,573
Investments in associates and joint ventures	437,576	417,329	107,369	107,369
Other financial assets	114,925	154,332	77,521	98,664
Trade and other receivables	60,733	61,674	80,848	66,435
Intangible assets	31,974	33,653	122	122
Deferred tax assets	3,454	2,388	-	-
	<u>2,590,741</u>	<u>2,145,582</u>	<u>829,180</u>	<u>854,904</u>
<b>Current assets</b>				
Inventories and work-in-progress	1,793,570	1,731,227	-	-
Trade and other receivables	387,041	468,264	103,660	82,543
Tax recoverable	92	83	-	-
Other financial assets	1,120	32,394	-	-
Cash and cash equivalents	1,811,232	1,408,907	49,950	75,900
	<u>3,993,055</u>	<u>3,640,875</u>	<u>153,610</u>	<u>158,443</u>
<b>Current liabilities</b>				
Trade and other payables	1,788,281	1,687,321	54,459	64,643
Progress billings in excess of work-in-progress	1,270,680	884,038	-	-
Provisions	19,413	17,463	-	-
Other financial liabilities	5,863	1,428	-	-
Current tax payable	114,720	94,983	3,365	2,629
Interest-bearing borrowings	33,791	32,981	-	-
	<u>3,232,748</u>	<u>2,718,214</u>	<u>57,824</u>	<u>67,272</u>
<b>Net current assets</b>	<u>760,307</u>	<u>922,661</u>	<u>95,786</u>	<u>91,171</u>
	<u>3,351,048</u>	<u>3,068,243</u>	<u>924,966</u>	<u>946,075</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	120,834	131,131	21,711	23,556
Provisions	44,261	44,243	27,895	27,895
Other financial liabilities	10,838	78	-	-
Interest-bearing borrowings	550,000	300,000	-	-
Other payables	45,524	45,766	-	-
	<u>771,457</u>	<u>521,218</u>	<u>49,606</u>	<u>51,451</u>
	<u>2,579,591</u>	<u>2,547,025</u>	<u>875,360</u>	<u>894,624</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	484,288	480,086	484,288	480,086
Other reserves	(76,000)	(26,335)	(2,810)	28,583
Revenue reserve	2,061,272	1,984,773	393,882	385,955
	<u>2,469,560</u>	<u>2,438,524</u>	<u>875,360</u>	<u>894,624</u>
<b>Non-controlling interests</b>	110,031	108,501	-	-
<b>Total equity</b>	<u>2,579,591</u>	<u>2,547,025</u>	<u>875,360</u>	<u>894,624</u>

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

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

<b>Interest-bearings borrowings:</b>	<b>As at 30-Jun-2013</b>	<b>As at 31-Dec-2012</b>
	<b>\$'000</b>	<b>\$'000</b>
(i) <b><u>Amount repayable in one year or less, or on demand</u></b>		
Unsecured	33,791	32,981
(ii) <b><u>Amount repayable after one year</u></b>		
Unsecured	550,000	300,000

##### 4b. **Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-2013</b>	<b>31-Dec-2012</b>	<b>30-Jun-2013</b>	<b>31-Dec-2012</b>
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	118.21	116.80	41.90	42.85

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

###### (i) **Group**

###### **Non-current assets**

'Property, plant and equipment' increased mainly due to capital expenditures for the Singapore and Brazil new yards and the reclassification from 'Inventories and work-in-progress' for an accommodation and repair vessel ARV3 by a subsidiary.

'Other financial assets' decreased mainly due to fair value adjustment of quoted equity shares in Cosco Corporation (Singapore) Limited and foreign currency forward contracts, offset by reclassification from 'Investments in associates and joint ventures' for the 19 per cent equity stake in HQSM Engineering Pte Ltd ("HQSM") following the divestment of 30 per cent shareholding in HQSM (previously at 49 per cent) by a subsidiary.

'Deferred tax assets' increased mainly due to the tax effects of fair value adjustment of quoted equity shares in Cosco Corporation (Singapore) Limited.

###### **Current assets**

'Trade and other receivables' decreased mainly due to timing of receipts.

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

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

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

###### **Current liabilities**

'Progress billings in excess of work-in-progress' increased mainly due to receipts from customers for drillship and jack-up rig building projects in progress.

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

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

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



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

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

###### (i) **Group** (Cont'd)

###### **Non-current liabilities**

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

'Interest-bearing borrowings' increased mainly due to borrowing for capital expenditures for the Singapore new yard.

###### **Equity**

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

###### (ii) **Company**

###### **Non-current assets**

'Investment properties' decreased mainly due to depreciation charge for the period.

'Other financial assets' decreased mainly due to fair value adjustment of quoted equity shares in Cosco Corporation (Singapore) Limited.

'Trade and other receivables' increased mainly due to increase in amount due from subsidiaries.

###### **Current assets**

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

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

###### **Current liabilities**

'Trade and other payables' decreased mainly due to payments made during the period.

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

###### **Equity**

The deficit in 'Other reserves' was mainly due to fair value adjustments on quoted prices of available-for-sale assets as well as issuance of treasury shares.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	2Q 2013	2Q 2012	1H 2013	1H 2012
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from Operating Activities:</b>				
Profit for the period	131,127	150,220	253,755	267,129
Adjustments for:				
Finance income	(1,964)	(8,923)	(2,747)	(19,137)
Finance costs	2,168	858	3,524	1,501
Investment income	(2,228)	(3,342)	(2,228)	(3,343)
Depreciation of property, plant and equipment, net	23,930	20,402	47,140	40,774
Amortisation of intangible assets	839	839	1,678	1,678
Share of results of associates and joint ventures	(5,078)	(15,358)	(11,257)	(29,044)
Gain on disposal of property, plant and equipment, net	(13,708)	(237)	(13,741)	(341)
Gain on disposal of other investments	-	-	-	(46)
Gain on disposal of an associate	(2,816)	-	(2,816)	-
Fair value adjustment of hedging instruments	1,429	3,444	3,330	(744)
Share-based payment expenses	5,053	7,756	8,117	13,416
Property, plant and equipment written-off	4	47	62	435
Impairment loss on other long-term equity investments	5	2,566	5	2,566
Tax expense	24,938	33,802	51,366	60,402
Operating profit before working capital changes	163,699	192,074	336,188	335,246
Changes in working capital:				
Inventories and work-in-progress	71,608	(253,481)	80,796	(230,789)
Trade and other receivables	80,656	(9,036)	82,122	59,160
Trade and other payables	39,549	13,056	127,154	(261,776)
Cash generated from/(used in) operations	355,512	(57,387)	626,260	(98,159)
Investment and interest income received	4,224	12,235	5,017	22,475
Interest paid	(304)	(635)	(6,232)	(740)
Tax paid	(16,630)	(40,992)	(29,858)	(51,524)
Net cash generated from/(used in) operating activities	342,802	(86,779)	595,187	(127,948)
<b>Cash flows from Investing Activities:</b>				
Purchase of property, plant and equipment	(180,557)	(125,422)	(274,403)	(221,446)
Proceeds from disposal of property, plant and equipment	16,586	237	16,623	344
Proceeds from disposal of other investment	-	-	-	349
Purchase of intangible assets	-	(8)	-	(19)
Acquisition of an associate	-	-	-	(10,000)
Additional investment in a joint venture	(1,273)	(746)	(2,697)	(746)
Acquisition of other financial assets	-	-	(958)	-
Proceeds from disposal of an associate	5,726	-	5,726	-
Dividend from associate	673	781	673	781
Net cash used in investing activities	(158,845)	(125,158)	(255,036)	(230,737)
<b>Cash flows from Financing Activities:</b>				
Proceeds from borrowings	150,000	-	250,000	-
Proceeds from share options exercised	697	534	741	1,961
Purchase of treasury shares	(3,575)	(4,359)	(14,794)	(4,359)
Dividends paid to owners of the Company	(167,129)	(417,678)	(167,129)	(417,678)
Dividends paid to non-controlling interests of subsidiaries	(11,100)	(6,710)	(11,100)	(6,710)
Return of unclaimed dividends	-	11	-	11
Net cash (used in)/generated from financing activities	(31,107)	(428,202)	57,718	(426,775)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>152,850</b>	<b>(640,139)</b>	<b>397,869</b>	<b>(785,460)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,657,315</b>	<b>1,837,815</b>	<b>1,408,907</b>	<b>1,989,612</b>
Effect of exchange rate changes on balances held in foreign currency	1,067	2,290	4,456	(4,186)
<b>Cash and cash equivalents at end of the period</b>	<b>1,811,232</b>	<b>1,199,966</b>	<b>1,811,232</b>	<b>1,199,966</b>

## 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-2013 \$'000	30-Jun-2012 \$'000
Fixed deposits	617,826	896,004
Cash and bank balances	1,193,406	303,962
	<u>1,811,232</u>	<u>1,199,966</u>

### 5b. Explanatory notes to Consolidated Statement of Cash Flows

#### (i) Second Quarter

Cash flows from operating activities before changes in working capital was \$163.7 million in 2Q 2013. Net cash generated from operating activities for 2Q 2013 increased to \$342.8 million mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 2Q 2013 was \$158.8 million. The Group spent \$180.6 million on expansion and operational capital expenditure, mainly for the Singapore and Brazil new yards. This is offset by proceeds from sale of property, plant and equipment of \$16.6 million.

Net cash used in financing activities for 2Q 2013 was \$31.1 million. It relates mainly to dividends paid, offset by proceeds from borrowings.

#### (ii) Half year

Cash flows from operating activities before changes in working capital was \$336.2 million in 1H 2013. Net cash generated from operating activities for 1H 2013 increased to \$595.2 million mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 1H 2013 was \$255.0 million. The Group spent \$274.4 million on expansion and operational capital expenditure, mainly for the Singapore and Brazil new yards. This is offset by proceeds from sale of property, plant and equipment of \$16.6 million.

Net cash generated from financing activities for 1H 2013 was \$57.7 million. It relates mainly to proceeds from borrowings, offset by dividends paid.

#### (iii) Significant non-cash transactions

During 2Q 2013, there was a reclassification of \$243.5 million from 'Inventories and work-in-progress' to 'Property, plant and equipment' for an accommodation and repair vessel ARV3 by a subsidiary.

Arising from the divestment of 30 per cent shareholding in HQSM Engineering Pte Ltd ("HQSM") (previously at 49 per cent) by a subsidiary, the retained 19 per cent equity stake in HQSM was fair valued at \$2.7 million and reclassified to 'Other financial assets'.

## 6. STATEMENTS OF CHANGES IN EQUITY

### 6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company							Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q 2013</b>									
<b>At 1 January 2013</b>	480,086	(3,223)	25,574	(104,782)	56,096	1,984,773	2,438,524	108,501	2,547,025
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	118,743	118,743	3,885	122,628
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	22,122	-	-	22,122	2,185	24,307
Net fair value changes of cash flow hedges	-	-	-	-	(23,454)	-	(23,454)	-	(23,454)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(5,012)	-	(5,012)	-	(5,012)
Total other comprehensive income	-	-	-	22,122	(28,466)	-	(6,344)	2,185	(4,159)
<b>Total comprehensive income</b>	-	-	-	22,122	(28,466)	118,743	112,399	6,070	118,469
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issuance of new shares	4,202	-	-	-	(4,202)	-	-	-	-
Purchase of treasury shares	-	(11,219)	-	-	-	-	(11,219)	-	(11,219)
Issuance of treasury shares	-	14,442	-	-	(14,398)	-	44	-	44
Cost of share-based payment - charged to profit or loss	-	-	-	-	2,468	-	2,468	-	2,468
<b>Total transactions with owners</b>	4,202	3,223	-	-	(16,132)	-	(8,707)	-	(8,707)
<b>At 31 March 2013</b>	484,288	-	25,574	(82,660)	11,498	2,103,516	2,542,216	114,571	2,656,787
<b>2Q 2013</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	124,885	124,885	6,242	131,127
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	7,839	-	-	7,839	318	8,157
Net fair value changes of cash flow hedges	-	-	-	-	(19,450)	-	(19,450)	-	(19,450)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(19,612)	-	(19,612)	-	(19,612)
Total other comprehensive income	-	-	-	7,839	(39,062)	-	(31,223)	318	(30,905)
<b>Total comprehensive income</b>	-	-	-	7,839	(39,062)	124,885	93,662	6,560	100,222
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(3,575)	-	-	-	-	(3,575)	-	(3,575)
Issuance of treasury shares	-	1,140	-	-	(446)	-	694	-	694
Dividends paid	-	-	-	-	-	(167,129)	(167,129)	(11,100)	(178,229)
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,692	-	3,692	-	3,692
<b>Total transactions with owners</b>	-	(2,435)	-	-	3,246	(167,129)	(166,318)	(11,100)	(177,418)
<b>At 30 June 2013</b>	484,288	(2,435)	25,574	(74,821)	(24,318)	2,061,272	2,469,560	110,031	2,579,591

## 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							Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q 2012</b>									
<b>At 1 January 2012</b>	470,596	(10,555)	25,574	(52,796)	13,082	1,968,356	2,414,257	91,823	2,506,080
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	113,085	113,085	3,824	116,909
<b>Other comprehensive income</b>									
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
<b>Total comprehensive income</b>	-	-	-	(23,126)	64,427	113,085	154,386	1,237	155,623
<b>Transactions with owners of the Company, recognised directly in equity</b>									
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
<b>Total transactions with owners</b>	<b>8,580</b>	<b>10,555</b>	<b>-</b>	<b>-</b>	<b>(15,091)</b>	<b>-</b>	<b>4,044</b>	<b>-</b>	<b>4,044</b>
<b>At 31 March 2012</b>	<b>479,176</b>	<b>-</b>	<b>25,574</b>	<b>(75,922)</b>	<b>62,418</b>	<b>2,081,441</b>	<b>2,572,687</b>	<b>93,060</b>	<b>2,665,747</b>
<b>2Q 2012</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	142,780	142,780	7,440	150,220
<b>Other comprehensive income</b>									
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)
<b>Total comprehensive income</b>	-	-	-	4,052	(37,354)	142,780	109,478	8,005	117,483
<b>Transactions with owners of the Company, recognised directly in equity</b>									
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
<b>Total transactions with owners</b>	<b>910</b>	<b>(4,099)</b>	<b>-</b>	<b>-</b>	<b>5,047</b>	<b>(417,667)</b>	<b>(415,809)</b>	<b>(6,710)</b>	<b>(422,519)</b>
<b>At 30 June 2012</b>	<b>480,086</b>	<b>(4,099)</b>	<b>25,574</b>	<b>(71,870)</b>	<b>30,111</b>	<b>1,806,554</b>	<b>2,266,356</b>	<b>94,355</b>	<b>2,360,711</b>

## 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
<b>1Q 2013</b>						
At 1 January 2013	480,086	(3,223)	960	30,846	385,955	894,624
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	1,185	1,185
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(5,357)	-	(5,357)
Total other comprehensive income	-	-	-	(5,357)	-	(5,357)
<b>Total comprehensive income</b>	-	-	-	(5,357)	1,185	(4,172)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issuance of new shares	4,202	-	-	(4,202)	-	-
Purchase of treasury shares	-	(11,219)	-	-	-	(11,219)
Issuance of treasury shares	-	14,442	-	(14,398)	-	44
Cost of share-based payment	-	-	-	451	-	451
- charged to profit or loss	-	-	-	2,017	-	2,017
- issued to employees of subsidiaries	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>4,202</b>	<b>3,223</b>	<b>-</b>	<b>(16,132)</b>	<b>-</b>	<b>(8,707)</b>
<b>At 31 March 2013</b>	<b>484,288</b>	<b>-</b>	<b>960</b>	<b>9,357</b>	<b>387,140</b>	<b>881,745</b>
<b>2Q 2013</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	173,871	173,871
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(13,941)	-	(13,941)
Total other comprehensive income	-	-	-	(13,941)	-	(13,941)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,941)</b>	<b>173,871</b>	<b>159,930</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(3,575)	-	-	-	(3,575)
Issuance of treasury shares	-	1,140	-	(443)	-	697
Dividends paid	-	-	-	-	(167,129)	(167,129)
Cost of share-based payment	-	-	-	743	-	743
- charged to profit or loss	-	-	-	2,949	-	2,949
- issued to employees of subsidiaries	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>(2,435)</b>	<b>-</b>	<b>3,249</b>	<b>(167,129)</b>	<b>(166,315)</b>
<b>At 30 June 2013</b>	<b>484,288</b>	<b>(2,435)</b>	<b>960</b>	<b>(1,335)</b>	<b>393,882</b>	<b>875,360</b>

## 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
<b>1Q 2012</b>						
At 1 January 2012	470,596	(10,555)	960	24,767	429,483	915,251
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	686	686
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	23,045	-	23,045
Total other comprehensive income	-	-	-	23,045	-	23,045
<b>Total comprehensive income</b>	-	-	-	<b>23,045</b>	<b>686</b>	<b>23,731</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
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	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>8,580</b>	<b>10,555</b>	<b>-</b>	<b>(15,080)</b>	<b>-</b>	<b>4,055</b>
At 31 March 2012	479,176	-	960	32,732	430,169	943,037
<b>2Q 2012</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	380,032	380,032
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(11,899)	-	(11,899)
Total other comprehensive income	-	-	-	(11,899)	-	(11,899)
<b>Total comprehensive income</b>	-	-	-	<b>(11,899)</b>	<b>380,032</b>	<b>368,133</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
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	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>910</b>	<b>(4,099)</b>	<b>-</b>	<b>3,663</b>	<b>(417,667)</b>	<b>(417,193)</b>
At 30 June 2012	480,086	(4,099)	960	24,496	392,534	893,977

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

### **6c. Changes in the Company's share capital**

#### **(i) Issued and Paid Up Capital**

During 2Q 2013, the Company did not issue any ordinary shares (2Q 2012: 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").

As at 30 June 2013, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,205,639 (31 December 2012: 2,087,787,225) ordinary shares.

#### **(ii) Share Options**

During 2Q 2013, 132,805 (2Q 2012: 29,100) share options under the SOP were exercised and settled by way of issuance of treasury shares and no (2Q 2012: 207,880) share options exercised were settled by way of issuance of new shares.

In 2Q 2013, 4,995 (2Q 2012: 5,425) share options lapsed.

As at 30 June 2013, there were 2,342,487 (30 June 2012: 2,899,357) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

#### **(iii) Performance Shares**

During 2Q 2013, 655,000 (2Q 2012: 675,000) performance shares were awarded under the Company's Performance Share Plan ("PSP") and no (2Q 2012: 30,000) 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 2013 was 1,915,000 (30 June 2012: 1,865,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,872,500 (30 June 2012: 2,797,500) performance shares.

#### **(iv) Restricted Shares**

In 2Q 2013, 2,806,710 (2Q 2012: 2,862,900) restricted shares were awarded under the RSP.

During 2Q 2013, 125,627 (2Q 2012: 134,500) restricted shares were released under the RSP and 106,021 (2Q 2012: 108,600) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2013 was 8,753,738 (30 June 2012: 9,808,130). 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 2013 was 5,356,790 (30 June 2012: 5,770,300). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 8,035,185 (30 June 2012: 8,655,450) restricted shares.

#### **(v) Treasury Shares**

During 2Q 2013, the Company acquired 812,900 (2Q 2012: 1,000,000) ordinary shares in the Company by way of on-market purchases.

In 2Q 2013, 258,432 (2Q 2012: 59,500) treasury shares were re-issued pursuant to the SOP and RSP.

As at 30 June 2013, 554,468 (30 June 2012: 940,500) 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 2012.

## 10. CHANGES IN ACCOUNTING POLICIES

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

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

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

## 11. REVIEW OF GROUP PERFORMANCE

### (i) Turnover

	2Q 2013	2Q 2012	+ / (-)	+ / (-)	1H 2013	1H 2012	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rig Building</b>	628.0	664.3	(36.3)	(5.5)	1,225.6	1,057.7	167.9	15.9
<b>Offshore and Conversion</b>	328.2	364.1	(35.9)	(9.9)	619.2	765.1	(145.9)	(19.1)
<b>Repair</b>	157.9	179.1	(21.2)	(11.8)	314.0	321.7	(7.7)	(2.4)
<b>Other Activities</b>	10.1	9.5	0.6	6.3	15.6	15.1	0.5	3.3
	<b>1,124.2</b>	<b>1,217.0</b>	<b>(92.8)</b>	<b>(7.6)</b>	<b>2,174.4</b>	<b>2,159.6</b>	<b>14.8</b>	<b>0.7</b>

Group turnover for 2Q 2013 decreased mainly due to the lower revenue recognition for rig building, offshore and conversion projects. In 2Q 2012, the Group had achieved initial percentage of completion of revenue recognition for more rig building, offshore and conversion projects.

Group turnover for 1H 2013 was 1% higher mainly due to higher revenue recognition for rig building projects offset by lower revenue recognition for offshore and conversion projects.

### (ii) Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 2Q 2013 and 1H 2013 decreased mainly due to lower interest income and lower contribution from associates. In 2Q 2012 and 1H 2012, interest income was received for deferred payment granted to customers.

## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

## 13. PROSPECTS

The Group has secured contract orders worth a total of \$3.5 billion (excluding repairs) since the start of the year, growing the Group's net order book from \$12.7 billion as at end 2012 to \$14.4 billion, with completion and deliveries extending till 2019.

Fundamentals for the offshore and marine industry remain stable underpinned by high oil prices and projected increases in offshore exploration and production (E&P) spending. Demand for rigs is expected to remain strong, however, competition from the Chinese and Korean yards will impact margin.

Despite the challenging shipping market environment, there is continued demand for repairs in the niche segments of LNG carrier repairs, life extension work and upgrading of offshore vessels and cruise ships.

Moving ahead, the Group remains committed to building its capabilities and strengthening its position in the key business segments of repair, conversion & offshore and rig building amid the competitive environment while maintaining its key focus on operational efficiency, productivity improvements, safety management and the timely deliveries of projects to the Group's valued customers.

Sembcorp Marine's Integrated New Yard Phase I Facility, which spans 73.3 hectares, is on track for commercial operations with the first ship scheduled for docking in August 2013.

*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

### (i) **Current Financial Period Reported On**

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

### (ii) **Corresponding Period of the Immediately Preceding Financial Year**

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

### (iii) **Date payable**

The interim dividend will be paid on 29 August 2013.

### (iv) **Books closure date**

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 20 August 2013 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 2013 will be registered before entitlements to dividend are determined.

## 15. SEGMENTAL REPORTING

### 1H 2013

#### (i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	2,161,167	-	13,202	-	2,174,369
Inter-segment sales	-	-	104,635	(104,635)	-
<b>Total</b>	<b>2,161,167</b>	<b>-</b>	<b>117,837</b>	<b>(104,635)</b>	<b>2,174,369</b>
<b>Results</b>					
Segment results	283,147	73	6,382	-	289,602
Finance income	2,716	-	31	-	2,747
Finance costs	(3,524)	-	-	-	(3,524)
Investment income	-	-	2,228	-	2,228
Non-operating income	2,816	-	-	-	2,816
Non-operating expenses	(5)	-	-	-	(5)
Share of results of associates and joint ventures	5,681	4,290	1,286	-	11,257
Profit before tax	290,831	4,363	9,927	-	305,121
Tax expense	(49,832)	(224)	(1,310)	-	(51,366)
<b>Profit for the period</b>	<b>240,999</b>	<b>4,139</b>	<b>8,617</b>	<b>-</b>	<b>253,755</b>
<b>Assets</b>					
Segment assets	5,980,169	14,497	148,008	-	6,142,674
Investments in associates and joint ventures	385,600	47,676	4,300	-	437,576
Deferred tax assets	988	-	2,466	-	3,454
Tax recoverable	92	-	-	-	92
<b>Total assets</b>	<b>6,366,849</b>	<b>62,173</b>	<b>154,774</b>	<b>-</b>	<b>6,583,796</b>
<b>Liabilities</b>					
Segment liabilities	3,758,200	2	10,449	-	3,768,651
Deferred tax liabilities	113,730	-	7,104	-	120,834
Current tax payable	112,865	-	1,855	-	114,720
<b>Total liabilities</b>	<b>3,984,795</b>	<b>2</b>	<b>19,408</b>	<b>-</b>	<b>4,004,205</b>
<b>Capital expenditure</b>	<b>274,378</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>274,403</b>
<b>Significant non-cash item</b>					
Depreciation and amortisation	48,333	-	485	-	48,818
Assets written-off	62	-	-	-	62

#### (ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	186,248	1,581,754	5,575,102	175,180
China	162	365,500	365,518	-
Rest of ASEAN, Australia & India	447,784	140,126	190,553	9,323
Middle East & Africa	78,342	-	-	-
Norway	428,995	-	-	-
The Netherlands	131,347	242,401	242,460	-
Rest of Europe	104,533	6,694	31,198	220
Cayman Islands	477,914	-	-	-
Brazil	8,541	132,045	173,664	89,680
Other Countries	310,503	3,783	5,301	-
<b>Total</b>	<b>2,174,369</b>	<b>2,472,303</b>	<b>6,583,796</b>	<b>274,403</b>

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

## 15. SEGMENTAL REPORTING (Cont'd)

### 1H 2012

#### (i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	2,150,497	-	9,056	-	2,159,553
Inter-segment sales	-	-	99,925	(99,925)	-
<b>Total</b>	<b>2,150,497</b>	<b>-</b>	<b>108,981</b>	<b>(99,925)</b>	<b>2,159,553</b>
<b>Results</b>					
Segment results	276,645	(81)	3,464	-	280,028
Finance income	19,121	-	16	-	19,137
Finance costs	(1,501)	-	-	-	(1,501)
Investment income	-	-	3,343	-	3,343
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 tax	314,672	5,046	7,813	-	327,531
Tax expense	(59,801)	5	(606)	-	(60,402)
<b>Profit for the period</b>	<b>254,871</b>	<b>5,051</b>	<b>7,207</b>	<b>-</b>	<b>267,129</b>
<b>Assets</b>					
Segment assets	4,324,805	14,605	187,621	-	4,527,031
Investments in associates and joint ventures	358,423	42,515	2,256	-	403,194
Deferred tax assets	3	-	823	-	826
Tax recoverable	47	-	-	-	47
<b>Total assets</b>	<b>4,683,278</b>	<b>57,120</b>	<b>190,700</b>	<b>-</b>	<b>4,931,098</b>
<b>Liabilities</b>					
Segment liabilities	2,307,254	2	434	-	2,307,690
Deferred tax liabilities	78,882	-	9,950	-	88,832
Current tax payable	131,392	-	42,473	-	173,865
<b>Total liabilities</b>	<b>2,517,528</b>	<b>2</b>	<b>52,857</b>	<b>-</b>	<b>2,570,387</b>
<b>Capital expenditure</b>	<b>221,451</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>221,465</b>
<b>Significant non-cash item</b>					
Depreciation and amortisation	41,892	-	560	-	42,452
Assets written-off	435	-	-	-	435

#### (ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	195,511	1,250,962	4,427,495	200,513
China	1,562	334,187	334,236	14
Rest of ASEAN, Australia & India	342,239	106,100	128,817	9,948
The UAE	220,183	-	-	-
Norway	624,524	-	-	-
Rest of Europe	143,619	-	41	-
Cayman Islands	409,233	-	-	-
Brazil	1,806	24,222	34,436	10,990
Other Countries	220,876	3,786	6,073	-
<b>Total</b>	<b>2,159,553</b>	<b>1,719,257</b>	<b>4,931,098</b>	<b>221,465</b>

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

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

### 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**

	<b>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)</b>	
	<b>1H 2013</b>	<b>1H 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	1,637	879
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	1,843	1,795
PSA International Pte Ltd and its associates	325	105
Singapore Technologies Engineering Ltd and its associates	123	106
Singapore Technologies Telemedia Pte Ltd and its associates	-	370
<b>Management and Support Services</b>		
Sembcorp Industries Limited	125	125
<b>Total Interested Person Transactions</b>	<b>4,053</b>	<b>3,380</b>

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 2013 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

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

**1 August 2013**