



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014**

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 2014.

**1. CONSOLIDATED INCOME STATEMENT**

		Group			Group		
	Note	2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>1,340,799</b>	<b>1,124,247</b>	<b>19.3</b>	<b>2,676,099</b>	<b>2,174,369</b>	<b>23.1</b>
Cost of sales		(1,146,946)	(981,309)	16.9	(2,311,630)	(1,875,709)	23.2
<b>Gross profit</b>		<b>193,853</b>	<b>142,938</b>	<b>35.6</b>	<b>364,469</b>	<b>298,660</b>	<b>22.0</b>
Other operating income	2b	4,122	39,358	(89.5)	16,568	56,683	(70.8)
Other operating expenses	2b	(7,151)	(1,596)	n.m.	(8,743)	(3,546)	n.m.
General and administrative expenses	2c	(36,377)	(34,548)	5.3	(69,005)	(62,195)	10.9
<b>Operating profit</b>		<b>154,447</b>	<b>146,152</b>	<b>5.7</b>	<b>303,289</b>	<b>289,602</b>	<b>4.7</b>
Finance income	2d	2,356	1,964	20.0	5,328	2,747	94.0
Finance costs	2e	(3,578)	(2,168)	65.0	(6,055)	(3,524)	71.8
Investment income	2f	1,114	2,228	(50.0)	1,192	2,228	(46.5)
Non-operating income	2g	-	2,816	n.m.	-	2,816	n.m.
Non-operating expenses	2h	55	(5)	n.m.	(116)	(5)	n.m.
Share of results of associates and joint ventures	2i	10,360	5,078	n.m.	17,479	11,257	55.3
<b>Profit before tax</b>		<b>164,754</b>	<b>156,065</b>	<b>5.6</b>	<b>321,117</b>	<b>305,121</b>	<b>5.2</b>
Tax expense	2j	(24,637)	(24,938)	(1.2)	(52,551)	(51,366)	2.3
<b>Profit for the period</b>		<b>140,117</b>	<b>131,127</b>	<b>6.9</b>	<b>268,566</b>	<b>253,755</b>	<b>5.8</b>
<b>Profit attributable to:</b>							
Owners of the Company		<b>131,602</b>	<b>124,885</b>	<b>5.4</b>	<b>254,077</b>	<b>243,628</b>	<b>4.3</b>
Non-controlling interests		8,515	6,242	36.4	14,489	10,127	43.1
<b>Profit for the period</b>		<b>140,117</b>	<b>131,127</b>	<b>6.9</b>	<b>268,566</b>	<b>253,755</b>	<b>5.8</b>
<b>Earnings per share (cents)</b>	2k						
Basic		6.30	5.98	5.4	12.17	11.67	4.3
Diluted		6.30	5.98	5.4	12.17	11.66	4.4

n.m.: not meaningful

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

		Group			Group		
		2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
Turnover	(i)	1,340,799	1,124,247	19.3	2,676,099	2,174,369	23.1
Cost of sales		(1,146,946)	(981,309)	16.9	(2,311,630)	(1,875,709)	23.2
Gross profit	(ii)	193,853	142,938	35.6	364,469	298,660	22.0
<i>Included in cost of sales:</i>							
Depreciation and amortisation		(27,150)	(23,899)	13.6	(54,018)	(47,115)	14.7
Write-back of/(allowance for) inventory obsolescence		347	(35)	n.m.	313	(69)	n.m.

(i) Group turnover for 2Q 2014 and 1H 2014 increased mainly due to the higher revenue recognition for rig building projects. In 2Q 2014, the Group achieved initial percentage of completion revenue recognition for two rig building projects as compared to one rig building and two offshore and conversion projects in 2Q 2013.

(ii) Gross profit for 2Q 2014 and 1H 2014 was higher mainly due to contribution from higher turnover for rig building projects.

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

		Group			Group		
		2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
Other operating income		4,122	39,358	(89.5)	16,568	56,683	(70.8)
Other operating expenses		(7,151)	(1,596)	n.m.	(8,743)	(3,546)	n.m.
		(3,029)	37,762	n.m.	7,825	53,137	(85.3)
<i>Included in other operating income/(expenses):</i>							
Foreign exchange (loss)/gain, net	(i)	(11,371)	14,484	n.m.	(8,008)	16,147	n.m.
Fair value adjustment on hedging instruments	(ii)	915	(1,429)	n.m.	(605)	(3,330)	(81.8)
Gain on disposal of property, plant and equipment, net		15	13,708	(99.9)	53	13,741	(99.6)
Other income	(iii)	7,470	11,166	(33.1)	16,515	26,795	(38.4)
Other expenses		(58)	(167)	(65.3)	(130)	(216)	(39.8)
		(3,029)	37,762	n.m.	7,825	53,137	(85.3)

(i) Foreign exchange loss in 2Q 2014 and 1H 2014 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 was lower in 2Q 2014 mainly due to lower sales of scrap and rental income. Lower other income in 1H 2014 was mainly due to settlement of claims in 1H 2013.

### 2c. General and administrative expenses

		Group			Group		
		2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
General and administrative expenses	(i)	(36,377)	(34,548)	5.3	(69,005)	(62,195)	10.9
<i>Included in general and administrative expenses:</i>							
Depreciation and amortisation		(847)	(870)	(2.6)	(1,631)	(1,703)	(4.2)
Write-back of/(allowance for) doubtful debts and bad debts		(50)	(165)	(69.7)	79	(222)	n.m.

(i) Higher general and administrative expenses in 2Q 2014 and 1H 2014 was mainly due to higher professional fees.

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

### 2d. Finance income

Higher finance income in 2Q 2014 and 1H 2014 was mainly due to higher interest rates and bank balances.

### 2e. Finance costs

	Group			Group		
	2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
Finance costs	(3,578)	(2,168)	65.0	(6,055)	(3,524)	71.8
<i>Included in finance costs:</i>						
Interest expense (i)	(2,986)	(1,700)	75.6	(4,937)	(2,429)	n.m.
Commitment and facility fees	(592)	(468)	26.5	(1,118)	(1,095)	2.1
	(3,578)	(2,168)	65.0	(6,055)	(3,524)	71.8

(i) Higher interest expense in 2Q 2014 and 1H 2014 was mainly due to higher bank borrowings as compared to the corresponding period in 2013.

### 2f. Investment income

Lower investment income in 2Q 2014 and 1H 2014 was mainly due to lower dividend received from quoted investments.

### 2g. Non-operating income

Non-operating income in 2Q 2013 and 1H 2013 was mainly due to gain on disposal of an associate.

### 2h. Non-operating expenses

Non-operating expenses were mainly due to fair value adjustment on other long-term equity investment.

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

The increase in the share of results of associates and joint ventures in 2Q 2014 and 1H 2014 was mainly due to higher contribution from associates.

### 2j. Tax expense

	Group			Group		
	2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
Tax expense	(24,637)	(24,938)	(1.2)	(52,551)	(51,366)	2.3
<i>Included in tax expense:</i>						
(Under provision)/write-back of tax in respect of prior years, net	(30)	889	n.m.	41	1,065	(96.2)

### 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 2014	2Q 2013	+ / (-) %	1H 2014	1H 2013	+ / (-) %
(i) Based on the weighted average number of shares (cents)	6.30	5.98	5.4	12.17	11.67	4.3
Weighted average number of shares ('000)	2,089,213	2,089,444	n.m.	2,087,331	2,088,267	n.m.
(ii) On a fully diluted basis (cents)	6.30	5.98	5.4	12.17	11.66	4.4
Adjusted weighted average number of shares ('000)	2,090,102	2,090,682	n.m.	2,088,220	2,089,505	n.m.

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

### 2I. Profitability ratios

	Group			Group		
	2Q 2014 %	2Q 2013 %	+ / (-) %	1H 2014 %	1H 2013 %	+ / (-) %
Profit after taxation as a percentage of Turnover	10.45	11.66	(10.4)	10.04	11.67	(14.0)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	4.76	5.06	(5.9)	9.19	9.87	(6.9)

## 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	Group			Group		
	2Q 2014 \$'000	2Q 2013 \$'000	+ / (-) %	1H 2014 \$'000	1H 2013 \$'000	+ / (-) %
<b>Profit for the period</b>	<b>140,117</b>	<b>131,127</b>	<b>6.9</b>	<b>268,566</b>	<b>253,755</b>	<b>5.8</b>
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences	3a(i) (14,817)	8,157	n.m.	(9,861)	32,464	n.m.
Net change in fair value of cash flow hedges	3a(ii) 5,955	(19,450)	n.m.	11,581	(42,904)	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii) 12,250	(19,612)	n.m.	5,368	(24,624)	n.m.
Other comprehensive income for the period, net of tax	3,388	(30,905)	n.m.	7,088	(35,064)	n.m.
<b>Total comprehensive income for the period</b>	<b>143,505</b>	<b>100,222</b>	<b>43.2</b>	<b>275,654</b>	<b>218,691</b>	<b>26.0</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	136,421	93,662	45.7	261,624	206,061	27.0
Non-controlling interests	7,084	6,560	8.0	14,030	12,630	11.1
<b>Total comprehensive income for the period</b>	<b>143,505</b>	<b>100,222</b>	<b>43.2</b>	<b>275,654</b>	<b>218,691</b>	<b>26.0</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 and interest rate swap.
- (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-2014 \$'000	31-Dec-2013 \$'000	30-Jun-2014 \$'000	31-Dec-2013 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	2,707,906	2,394,167	85,318	87,744
Investment properties	-	-	23,583	24,632
Investments in subsidiaries	-	-	497,098	506,791
Investments in associates and joint ventures	449,888	445,743	107,369	107,369
Other financial assets	118,456	107,166	80,487	68,666
Trade and other receivables	43,242	44,482	74,374	74,374
Intangible assets	28,663	30,341	184	184
Deferred tax assets	9,092	7,108	-	-
	3,357,247	3,029,007	868,413	869,760
<b>Current assets</b>				
Inventories and work-in-progress	1,788,157	2,083,586	-	-
Trade and other receivables	449,051	442,410	62,934	52,951
Tax recoverable	76	196	-	-
Other financial assets	7,219	-	-	-
Cash and cash equivalents	1,822,924	1,694,901	18,880	49,860
	4,067,427	4,221,093	81,814	102,811
<b>Total assets</b>	7,424,674	7,250,100	950,227	972,571
<b>Current liabilities</b>				
Trade and other payables	1,560,205	1,781,118	12,134	18,553
Progress billings in excess of work-in-progress	1,568,680	1,440,812	-	-
Provisions	19,925	23,057	-	-
Other financial liabilities	13,429	8,775	-	-
Current tax payable	107,482	110,533	4,433	5,080
Interest-bearing borrowings	230,158	166,111	-	-
	3,499,879	3,530,406	16,567	23,633
<b>Net current assets</b>	567,548	690,687	65,247	79,178
<b>Non-current liabilities</b>				
Deferred tax liabilities	136,178	123,066	12,064	12,064
Provisions	96,621	96,573	27,895	27,895
Other financial liabilities	357	10,523	-	-
Interest-bearing borrowings	710,097	600,000	-	-
Other payables	83,688	80,020	19,233	19,233
	1,026,941	910,182	59,192	59,192
<b>Total liabilities</b>	4,526,820	4,440,588	75,759	82,825
<b>Net assets</b>	<b>2,897,854</b>	<b>2,809,512</b>	<b>874,468</b>	<b>889,746</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(75,906)	(76,179)	(4,484)	(4,051)
Revenue reserve	2,355,863	2,268,927	394,664	409,509
	2,764,245	2,677,036	874,468	889,746
<b>Non-controlling interests</b>	133,609	132,476	-	-
<b>Total equity</b>	<b>2,897,854</b>	<b>2,809,512</b>	<b>874,468</b>	<b>889,746</b>

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

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

Interest-bearing borrowings:	As at 30-Jun-2014	As at 31-Dec-2013
	\$'000	\$'000
(i) <b><u>Amount repayable in one year or less, or on demand</u></b> Unsecured	230,158	166,111
(ii) <b><u>Amount repayable after one year</u></b> Unsecured	710,097	600,000

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

	Group		Company	
	30-Jun-2014	31-Dec-2013	30-Jun-2014	31-Dec-2013
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	132.32	128.21	41.86	42.61

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

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

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

'Property, plant and equipment' increased mainly due to capital expenditures for the new shipyard in Brazil.

'Other financial assets' increased mainly due to fair value adjustment of quoted equity shares.

'Intangible assets' decreased mainly due to amortisation during the period.

'Deferred tax assets' increased mainly due to provision made during the period.

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

'Inventories and work-in-progress' decreased mainly due to deliveries of rig building projects.

'Tax recoverable' decreased mainly due to receipts during the period.

'Other financial assets' increased 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**

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

'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' decreased mainly due to net write back of allowance made for warranty provision.

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

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

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

'Deferred tax liabilities' increased mainly due to the tax effects of capital expenditures incurred.

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

'Interest-bearing borrowings' increased mainly due to borrowings for working capital.

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

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

**(ii) Company**

**Non-current assets**

'Other financial assets' increased mainly due to fair value adjustment of quoted equity shares.

**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' decreased mainly due to payments made during the year, offset by current period tax provision.

**Equity**

'Other reserves' movement was mainly due to fair value adjustments on quoted prices of available-for-sale financial assets.



## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	2Q 2014	2Q 2013	1H 2014	1H 2013
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from Operating Activities:</b>				
Profit for the period	140,117	131,127	268,566	253,755
Adjustments for:				
Finance income	(2,356)	(1,964)	(5,328)	(2,747)
Finance costs	3,578	2,168	6,055	3,524
Investment income	(1,114)	(2,228)	(1,192)	(2,228)
Depreciation of property, plant and equipment	27,158	23,930	53,971	47,140
Amortisation of intangible assets	839	839	1,678	1,678
Share of results of associates and joint ventures	(10,360)	(5,078)	(17,479)	(11,257)
Gain on disposal of property, plant and equipment, net	(15)	(13,708)	(53)	(13,741)
Gain on disposal of an associate	-	(2,816)	-	(2,816)
Fair value adjustment of hedging instruments	(915)	1,429	605	3,330
Share-based payment expenses	3,042	5,053	5,494	8,117
Assets written-off	71	4	97	62
Allowance made for impairment on other long-term equity investments, net	(55)	5	116	5
Tax expense	24,637	24,938	52,551	51,366
Operating profit before working capital changes	184,627	163,699	365,081	336,188
Changes in working capital:				
Inventories and work-in-progress	(84,045)	71,608	423,297	80,796
Trade and other receivables	(62,783)	80,656	(5,303)	82,122
Trade and other payables	(231,954)	39,549	(274,683)	127,154
Cash (used in)/generated from operations	(194,155)	355,512	508,392	626,260
Investment and interest income received	3,374	4,224	6,422	5,017
Interest paid	(3,562)	(304)	(6,892)	(6,232)
Tax paid	(26,877)	(16,630)	(43,419)	(29,858)
Net cash (used in)/generated from operating activities	(221,220)	342,802	464,503	595,187
<b>Cash flows from Investing Activities:</b>				
Purchase of property, plant and equipment	(168,365)	(180,557)	(306,468)	(274,403)
Proceeds from sale of property, plant and equipment	40	16,586	266	16,623
Additional investment in a joint venture	-	(1,273)	-	(2,697)
Acquisition of other financial assets	(5,377)	-	(5,396)	(958)
Proceeds from disposal of an associate	-	5,726	-	5,726
Dividend from associate	-	673	-	673
Net cash used in investing activities	(173,702)	(158,845)	(311,598)	(255,036)
<b>Cash flows from Financing Activities:</b>				
Proceeds from borrowings	126,287	150,000	372,535	250,000
Repayment of borrowings	-	-	(200,000)	-
Proceeds from share options exercised	260	697	401	741
Purchase of treasury shares	(1,582)	(3,575)	(11,555)	(14,794)
Dividends paid to owners of the Company	(167,146)	(167,129)	(167,146)	(167,129)
Dividends paid to non-controlling interests of subsidiaries	(12,897)	(11,100)	(12,897)	(11,100)
Return of unclaimed dividends	-	-	5	-
Net cash (used in)/generated from financing activities	(55,078)	(31,107)	(18,657)	57,718
<b>Net (decrease)/increase in cash and cash equivalents</b>	(450,000)	152,850	134,248	397,869
<b>Cash and cash equivalents at beginning of the period</b>	2,283,231	1,657,315	1,694,901	1,408,907
Effect of exchange rate changes on balances held in foreign currencies	(12,332)	1,067	(8,250)	4,456
<b>Cash and cash equivalents at end of the period</b>	<b>1,820,899</b>	<b>1,811,232</b>	<b>1,820,899</b>	<b>1,811,232</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-2014 \$'000	30-Jun-2013 \$'000
Fixed deposits	132,308	617,826
Cash and bank balances	1,690,616	1,193,406
Cash and cash equivalents in balance sheets	1,822,924	1,811,232
Bank overdrafts	(2,025)	-
Cash and cash equivalents in statement of cash flows	1,820,899	1,811,232

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

#### (i) Second Quarter

Cash flows from operating activities before changes in working capital was \$184.6 million in 2Q 2014. Net cash used in operating activities for 2Q 2014 at \$221.2 million was mainly due to working capital for the ongoing projects and tax paid.

Net cash used in investing activities for 2Q 2014 was \$173.7 million. The Group spent \$168.4 million on expansion and operational capital expenditure, mainly for the Brazil new yard.

Net cash used in financing activities for 2Q 2014 was \$55.1 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 \$365.1 million in 1H 2014. Net cash generated from operating activities for 1H 2014 at \$464.5 million was mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 1H 2014 was \$311.6 million. The Group spent \$306.5 million on expansion and operational capital expenditure, mainly for the Brazil new yard.

Net cash used in financing activities for 1H 2014 was \$18.7 million. It relates mainly to dividends paid, offset by net proceeds from borrowings.

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

Purchase of property, plant and equipment excludes accrued capital expenditure of \$39.3 million for the Brazil new yard.

During 2Q 2013, there was a reclassification of \$243.5 million from 'Inventories and work-in-progress' to 'Property, plant and equipment' for a vessel 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 during 2Q 2013, the retained 19 per cent equity stake in HQSM was fair valued at \$2.7 million and reclassified to 'Other financial assets' during 2Q 2013.

## 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	
<b>1Q 2014</b>									
<b>At 1 January 2014</b>	<b>484,288</b>	<b>(7,759)</b>	<b>25,574</b>	<b>(67,406)</b>	<b>(26,588)</b>	<b>2,268,927</b>	<b>2,677,036</b>	<b>132,476</b>	<b>2,809,512</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	122,475	122,475	5,974	128,449
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	3,984	-	-	3,984	972	4,956
Net fair value changes of cash flow hedges	-	-	-	-	5,626	-	5,626	-	5,626
Net fair value changes of available-for-sale financial assets	-	-	-	-	(6,882)	-	(6,882)	-	(6,882)
Total other comprehensive income	-	-	-	3,984	(1,256)	-	2,728	972	3,700
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,984</b>	<b>(1,256)</b>	<b>122,475</b>	<b>125,203</b>	<b>6,946</b>	<b>132,149</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(9,973)	-	-	-	-	(9,973)	-	(9,973)
Issuance of treasury shares	-	15,310	-	-	(15,169)	-	141	-	141
Return of unclaimed dividends	-	-	-	-	-	5	5	-	5
Cost of share-based payment - charged to profit or loss	-	-	-	-	1,952	-	1,952	-	1,952
<b>Total transactions with owners</b>	<b>-</b>	<b>5,337</b>	<b>-</b>	<b>-</b>	<b>(13,217)</b>	<b>5</b>	<b>(7,875)</b>	<b>-</b>	<b>(7,875)</b>
<b>At 31 March 2014</b>	<b>484,288</b>	<b>(2,422)</b>	<b>25,574</b>	<b>(63,422)</b>	<b>(41,061)</b>	<b>2,391,407</b>	<b>2,794,364</b>	<b>139,422</b>	<b>2,933,786</b>
<b>2Q 2014</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	131,602	131,602	8,515	140,117
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	(13,386)	-	-	(13,386)	(1,431)	(14,817)
Net fair value changes of cash flow hedges	-	-	-	-	5,955	-	5,955	-	5,955
Net fair value changes of available-for-sale financial assets	-	-	-	-	12,250	-	12,250	-	12,250
Total other comprehensive income	-	-	-	(13,386)	18,205	-	4,819	(1,431)	3,388
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,386)</b>	<b>18,205</b>	<b>131,602</b>	<b>136,421</b>	<b>7,084</b>	<b>143,505</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(1,582)	-	-	-	-	(1,582)	-	(1,582)
Issuance of treasury shares	-	1,245	-	-	(1,009)	-	236	-	236
Dividends paid	-	-	-	-	-	(167,146)	(167,146)	(12,897)	(180,043)
Cost of share-based payment - charged to profit or loss	-	-	-	-	1,952	-	1,952	-	1,952
<b>Total transactions with owners</b>	<b>-</b>	<b>(337)</b>	<b>-</b>	<b>-</b>	<b>943</b>	<b>(167,146)</b>	<b>(166,540)</b>	<b>(12,897)</b>	<b>(179,437)</b>
<b>At 30 June 2014</b>	<b>484,288</b>	<b>(2,759)</b>	<b>25,574</b>	<b>(76,808)</b>	<b>(21,913)</b>	<b>2,355,863</b>	<b>2,764,245</b>	<b>133,609</b>	<b>2,897,854</b>

## 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 \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
<b>1Q 2013</b>									
At 1 January 2013	480,086	(3,223)	25,574	(104,782)	56,096	1,984,773	2,438,524	108,501	2,547,025
<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>	-	-	-	<b>22,122</b>	<b>(28,466)</b>	<b>118,743</b>	<b>112,399</b>	<b>6,070</b>	<b>118,469</b>
<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>	<b>4,202</b>	<b>3,223</b>	<b>-</b>	<b>-</b>	<b>(16,132)</b>	<b>-</b>	<b>(8,707)</b>	<b>-</b>	<b>(8,707)</b>
At 31 March 2013	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>	-	-	-	<b>7,839</b>	<b>(39,062)</b>	<b>124,885</b>	<b>93,662</b>	<b>6,560</b>	<b>100,222</b>
<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>	-	<b>(2,435)</b>	<b>-</b>	<b>-</b>	<b>3,246</b>	<b>(167,129)</b>	<b>(166,318)</b>	<b>(11,100)</b>	<b>(177,418)</b>
At 30 June 2013	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)

### 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 2014</b>						
At 1 January 2014	484,288	(7,759)	960	2,748	409,509	889,746
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	3,070	3,070
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(5,433)	-	(5,433)
Total other comprehensive income	-	-	-	(5,433)	-	(5,433)
<b>Total comprehensive income</b>	-	-	-	(5,433)	3,070	(2,363)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(9,973)	-	-	-	(9,973)
Issuance of treasury shares	-	15,310	-	(15,169)	-	141
Return of unclaimed dividends	-	-	-	-	5	5
Cost of share-based payment	-	-	-	395	-	395
- charged to profit or loss	-	-	-	1,557	-	1,557
- issued to employees of subsidiaries	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	5,337	-	(13,217)	5	(7,875)
<b>At 31 March 2014</b>	<b>484,288</b>	<b>(2,422)</b>	<b>960</b>	<b>(15,902)</b>	<b>412,584</b>	<b>879,508</b>
<b>2Q 2014</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	149,226	149,226
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	12,250	-	12,250
Total other comprehensive income	-	-	-	12,250	-	12,250
<b>Total comprehensive income</b>	-	-	-	12,250	149,226	161,476
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(1,582)	-	-	-	(1,582)
Issuance of treasury shares	-	1,245	-	(985)	-	260
Dividends paid	-	-	-	-	(167,146)	(167,146)
Cost of share-based payment	-	-	-	395	-	395
- charged to profit or loss	-	-	-	1,557	-	1,557
- issued to employees of subsidiaries	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	(337)	-	967	(167,146)	(166,516)
<b>At 30 June 2014</b>	<b>484,288</b>	<b>(2,759)</b>	<b>960</b>	<b>(2,685)</b>	<b>394,664</b>	<b>874,468</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 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>
At 31 March 2013	484,288	-	960	9,357	387,140	881,745
<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>	-	-	-	(13,941)	173,871	159,930
<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>
At 30 June 2013	484,288	(2,435)	960	(1,335)	393,882	875,360

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

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

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

As at 30 June 2014, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,090,512 (31 December 2013: 2,087,961,345) ordinary shares.

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

During 2Q 2014, 145,342 (2Q 2013: 132,805) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

In 2Q 2014, there were no (2Q 2013: 4,995) share options which lapsed.

As at 30 June 2014, there were 1,928,787 (30 June 2013: 2,342,487) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

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

During 2Q 2014, 740,000 (2Q 2013: 655,000) performance shares were awarded under the Company's Performance Share Plan ("PSP").

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2014 was 2,070,000 (30 June 2013: 1,915,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,105,000 (30 June 2013: 2,872,500) performance shares.

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

In 2Q 2014, 3,031,620 (2Q 2013: 2,806,710) restricted shares were awarded under the Company's Restricted Share Plan ("RSP").

During 2Q 2014, 151,910 (2Q 2013: 125,627) restricted shares were released under the RSP and 72,902 (2Q 2013: 106,021) restricted shares lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2014 was 8,402,311 (30 June 2013: 8,753,738). 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 2014 was 5,489,450 (30 June 2013: 5,356,790). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 8,234,175 (30 June 2013: 8,035,185) restricted shares.

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

During 2Q 2014, the Company acquired 400,000 (2Q 2013: 812,900) ordinary shares in the Company by way of on-market purchases.

In 2Q 2014, 297,252 (2Q 2013: 258,432) treasury shares were issued pursuant to the SOP and RSP.

As at 30 June 2014, 669,595 (30 June 2013: 554,468) 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 2013.

## 10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2014.

FRS 27 (2011)	Separate Financial Statements
FRS 28 (2011)	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 110, FRS 111 and FRS 112	Transition Guidance
Amendments to FRS 110, FRS 112 and FRS 27	Investment Entities
INT FRS 121	Levies

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 2014	2Q 2013	+ / (-)	+ / (-)	1H 2014	1H 2013	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rig Building</b>	873.6	628.0	245.6	39.1	1,669.7	1,225.6	444.1	36.2
<b>Offshore and Conversion</b>	295.4	328.2	(32.8)	(10.0)	657.2	619.2	38.0	6.1
<b>Repair</b>	149.8	157.9	(8.1)	(5.1)	307.5	314.0	(6.5)	(2.1)
<b>Other Activities</b>	22.0	10.1	11.9	n.m.	41.7	15.6	26.1	n.m.
	<b>1,340.8</b>	<b>1,124.2</b>	<b>216.6</b>	<b>19.3</b>	<b>2,676.1</b>	<b>2,174.4</b>	<b>501.7</b>	<b>23.1</b>

Group turnover for 2Q 2014 and 1H 2014 increased mainly due to the higher revenue recognition for rig building projects. In 2Q 2014, the Group achieved initial percentage of completion revenue recognition for two rig building projects as compared to one rig building and two offshore and conversion projects in 2Q 2013.

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

Group profit attributable to owners of the Company for 2Q 2014 and 1H 2014 was higher mainly due to higher operating profit and higher contribution from an associated company.



## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

## 13. PROSPECTS

The Group has a net order book of \$12.7 billion with completion and deliveries stretching into 2019. This includes a total of \$2.5 billion in new rig and offshore conversion contracts secured since the start of 2014.

Long term fundamentals driving the offshore exploration and production (E&P) market remain stable. However, slow down in capital expenditure may impact new orders and keen competition continues to exert pressure on margins. The strong underlying trend toward high specification, harsh environment jack-up drilling units and deepwater and ultra-deepwater floaters is expected to drive offshore capex spend, and the Group is well positioned to benefit given its broad product offering and strong execution track record. The pipeline for new projects is encouraging, based on robust enquiry levels.

Overall, our repair business continues to see increase in market share. However, despite the large number of vessels, the average revenue per ship remained low in view of market conditions.

The Group's four new dry docks at Sembmarine Integrated Yard @ Tuas (SIY@Tuas) expect to continue to see full utilisation for vessels undergoing repair, upgrades & conversion or building. With its broad range of capabilities and leading edge technology, the SIY@Tuas yard positions the Group for long term sustainable growth. The yard has attracted and continues to attract alliance and new customers as services continue to be ramped up.

Construction of Estaleiro Jurong Aracruz, Sembcorp Marine's wholly owned shipyard in Brazil, is on track to commence initial operations in 2H 2014, and is scheduled for completion in 2015.

*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 2014.

### (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 2014 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 2014 will be registered before entitlements to dividend are determined.

## 15. SEGMENTAL REPORTING

### 1H 2014

#### (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	2,638,278	26,012	11,809	-	2,676,099
Inter-segment sales	-	-	102,106	(102,106)	-
<b>Total</b>	<b>2,638,278</b>	<b>26,012</b>	<b>113,915</b>	<b>(102,106)</b>	<b>2,676,099</b>
<b>Results</b>					
Segment results	288,904	8,004	6,381	-	303,289
Finance income	5,273	-	55	-	5,328
Finance costs	(6,055)	-	-	-	(6,055)
Investment income	78	-	1,114	-	1,192
Non-operating expenses	(116)	-	-	-	(116)
Share of results of associates and joint ventures	13,896	2,392	1,191	-	17,479
Profit before tax	301,980	10,396	8,741	-	321,117
Tax expense	(51,073)	(216)	(1,262)	-	(52,551)
<b>Profit for the period</b>	<b>250,907</b>	<b>10,180</b>	<b>7,479</b>	<b>-</b>	<b>268,566</b>
<b>Assets</b>					
Segment assets	6,571,224	235,264	159,130	-	6,965,618
Investments in associates and joint ventures	393,732	50,901	5,255	-	449,888
Deferred tax assets	9,092	-	-	-	9,092
Tax recoverable	76	-	-	-	76
<b>Total assets</b>	<b>6,974,124</b>	<b>286,165</b>	<b>164,385</b>	<b>-</b>	<b>7,424,674</b>
<b>Liabilities</b>					
Segment liabilities	4,253,163	3,934	26,063	-	4,283,160
Deferred tax liabilities	135,627	-	551	-	136,178
Current tax payable	105,084	-	2,398	-	107,482
<b>Total liabilities</b>	<b>4,493,874</b>	<b>3,934</b>	<b>29,012</b>	<b>-</b>	<b>4,526,820</b>
<b>Capital expenditure</b>					
	345,693	-	91	-	345,784
<b>Significant non-cash item</b>					
Depreciation and amortisation	51,070	4,161	418	-	55,649
Assets written-off	97	-	-	-	97

#### (ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	355,969	1,788,805	5,861,262	61,004
China	856	381,425	381,526	13
Rest of ASEAN, Australia & India	380,248	141,559	175,579	9,422
Middle East & Africa	8,945	-	-	-
Norway	576,294	-	-	-
The Netherlands	404,082	222,136	235,276	-
Rest of Europe	93,633	7,495	25,870	575
Brazil	-	684,502	739,864	274,770
U.S.A.	503,029	3,745	5,297	-
Mexico	353,043	-	-	-
<b>Total</b>	<b>2,676,099</b>	<b>3,229,667</b>	<b>7,424,674</b>	<b>345,784</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 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>					
	274,378	-	25	-	274,403
<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
Brazil	8,541	132,045	173,664	89,680
U.S.A.	607,860	3,783	5,301	-
Mexico	180,289	-	-	-
Other Countries	268	-	-	-
<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)

### 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 and total 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 2014 \$'000	1H 2013 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	2,586	1,637
Sembcorp Industries Limited and its associates	108	-
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	1,243	1,843
PSA International Pte Ltd and its associates	-	325
Singapore Technologies Engineering Ltd and its associates	7,456	123
<b>Management and Support Services</b>		
Sembcorp Industries Limited	125	125
<b>Total Interested Person Transactions</b>	<b>11,518</b>	<b>4,053</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 2014 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

**TAN YAH SZE/KEM HUEY LEE SHARON**  
**JOINT COMPANY SECRETARIES**

**4 August 2014**