



SEMBCORP MARINE LTD & ITS SUBSIDIARIES  
Registration Number: 196300098Z

**THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2008 FINANCIAL STATEMENTS ANNOUNCEMENT**

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**SEMBCORP MARINE LTD AND ITS SUBSIDIARIES**
**UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2008**

The Board of Directors of Sembcorp Marine Ltd wishes to announce the unaudited results of the Group for the third quarter and nine months ended September 30, 2008.

**1. GROUP INCOME STATEMENT**

	Group			Group		
	3Q 2008 \$'000	3Q 2007 \$'000	+ / (-) %	9M 2008 \$'000	9M 2007 \$'000	+ / (-) %
<b>Turnover</b>	<b>1,144,246</b>	<b>1,171,069</b>	<b>(2.3)</b>	<b>3,446,457</b>	<b>3,176,410</b>	<b>8.5</b>
Cost of sales	(985,650)	(1,079,652)	(8.7)	(3,053,162)	(2,924,128)	4.4
Gross profit	158,596	91,417	73.5	393,295	252,282	55.9
Other operating income	14,157	4,353	225.2	25,753	24,171	6.5
Other operating expenses	(183)	(261)	(29.9)	(2,517)	(1,888)	33.3
General and administrative expenses	(30,422)	(21,458)	41.8	(83,464)	(52,365)	59.4
<b>Operating profit</b>	<b>142,148</b>	<b>74,051</b>	<b>92.0</b>	<b>333,067</b>	<b>222,200</b>	<b>49.9</b>
Dividend and interest income	7,495	5,511	36.0	25,671	19,842	29.4
Finance costs	(3,681)	(3,210)	14.7	(9,773)	(9,480)	3.1
Non-operating expenses, net	-	(583)	n.m.	-	(1,710)	n.m.
Share of results of associated companies and joint ventures	34,975	20,612	69.7	107,838	56,891	89.6
<b>Profit before tax</b>	<b>180,937</b>	<b>96,381</b>	<b>87.7</b>	<b>456,803</b>	<b>287,743</b>	<b>58.8</b>
Taxation	(34,440)	(12,850)	168.0	(82,968)	(41,463)	100.1
<b>Profit after taxation</b>	<b>146,497</b>	<b>83,531</b>	<b>75.4</b>	<b>373,835</b>	<b>246,280</b>	<b>51.8</b>
Attributable to:						
<b>Shareholders of the Company</b>	<b>140,894</b>	<b>81,359</b>	<b>73.2</b>	<b>360,486</b>	<b>240,197</b>	<b>50.1</b>
Minority Interests	5,603	2,172	158.0	13,349	6,083	119.4
	<b>146,497</b>	<b>83,531</b>	<b>75.4</b>	<b>373,835</b>	<b>246,280</b>	<b>51.8</b>
<b>Earnings per share (cents)</b>						
Basic	6.84	3.95	73.2	17.45	11.70	49.1
Diluted	6.80	3.92	73.5	17.35	11.61	49.4



## 1b. Income Tax

The Group's tax charge for 3Q 2008 included a write back of an over provision of tax in respect of prior years of \$362,000 (3Q 2007: over provision of tax in respect of prior years of \$190,000).

The Group's tax charge for 9M 2008 included a write back of an over provision of tax in respect of prior years of \$946,000 (9M 2007: over provision of tax in respect of prior years of \$4,622,000 mainly due to a write back of provision for deferred tax arising from a 2% reduction in Singapore corporate income tax rate).

The higher effective tax rate in 3Q 2008 and 9M 2008 is mainly due to higher tax rate of overseas associated companies.

## 1c. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group			Group		
	3Q 2008	3Q 2007	+/(-)%	9M 2008	9M 2007	+/(-)%
(i) Based on the weighted average number of shares (cents)	6.84	3.95	73.2	17.45	11.70	49.1
Weighted average Number of shares	2,060,980,726	2,059,700,409	0.1	2,065,769,434	2,053,552,805	0.6
(ii) On a fully diluted basis (cents)	6.80	3.92	73.5	17.35	11.61	49.4
Adjusted weighted average number of shares	2,073,486,726	2,074,608,409	(0.1)	2,078,275,434	2,068,460,805	0.5

## 1d. Notes to Group Income Statement

Group turnover increased by 8.5% in 9M 2008 mainly due to higher percentage of completion achieved in the rig building, offshore, conversion projects and higher repair sales.

Gross profit margin was higher in 3Q 2008 and 9M 2008 primarily due to higher operating margins from rig building and ship repair businesses.

Other operating income increased mainly due to higher foreign exchange gains, which is also offset by lower gain on disposal of fixed assets.

The higher general and administrative expenses are mainly due to higher personnel related costs as a result of an increase in the number of personnel due to more projects undertaken by the Group.

Increases in the share of results of associated companies and joint ventures in 3Q 2008 and 9M 2008 are mainly due to higher contribution from associated companies.

## 2. BALANCE SHEETS

### Balance Sheets

	Group		Company	
	30-Sep-2008 \$'000	31-Dec-2007 \$'000	30-Sep-2008 \$'000	31-Dec-2007 \$'000
<b>Non Current Assets</b>				
Fixed assets	696,762	675,585	112,245	114,423
Investment Properties	-	-	54,514	55,950
Investment in subsidiary companies	-	-	626,226	631,243
Investment in associated companies and joint ventures	296,235	205,502	107,369	109,161
Other long-term investments	211,838	689,554	136,239	435,353
Long-term trade debtors	19,166	21,400	23,274	21,400
Long-term other debtors	16,960	17,001	70,973	229,693
Intangible assets	6,492	7,589	122	122
Deferred tax assets	268	-	-	-
<b>Total Non-Current Assets</b>	<b>1,247,721</b>	<b>1,616,631</b>	<b>1,130,962</b>	<b>1,597,345</b>
<b>Current Assets</b>				
Stocks and work-in-progress	1,090,495	1,560,709	-	-
Trade debtors	604,661	450,714	40,076	22,588
Other debtors, deposits and prepayments	123,290	81,463	171,839	20,718
Derivative financial assets	963	12,853	-	-
Fixed deposits	1,605,260	526,558	-	67,508
Bank and cash balances	329,503	213,919	5,180	6,574
<b>Total Current Assets</b>	<b>3,754,172</b>	<b>2,846,216</b>	<b>217,095</b>	<b>117,388</b>
<b>Current Liabilities</b>				
Trade creditors	1,635,199	1,384,701	15,456	15,430
Other creditors	31,031	69,772	36,616	110,826
Provisions	12,626	2,797	-	-
Progress billings in excess of work-in-progress	1,313,235	564,608	-	-
Borrowings	339,002	259,800	149,926	-
Derivative financial liabilities	65,859	731	-	-
Provision for taxation	138,603	115,014	1,368	2,830
<b>Total Current Liabilities</b>	<b>3,535,555</b>	<b>2,397,423</b>	<b>203,366</b>	<b>129,086</b>
<b>Net Current Assets/(Liabilities)</b>	<b>218,617</b>	<b>448,793</b>	<b>13,729</b>	<b>(11,698)</b>
<b>Total Assets less Current Liabilities</b>	<b>1,466,338</b>	<b>2,065,424</b>	<b>1,144,691</b>	<b>1,585,647</b>
<b>Non-Current Liabilities</b>				
Long-term borrowings	24,000	181,869	-	149,869
Deferred taxation	75,100	168,738	42,048	95,850
Long-term other creditors	2,873	1,599	185,449	-
Other provisions	7,112	7,502	2,895	2,895
<b>Total Non-current Liabilities</b>	<b>109,085</b>	<b>359,708</b>	<b>230,392</b>	<b>248,614</b>
	<b>1,357,253</b>	<b>1,705,716</b>	<b>914,299</b>	<b>1,337,033</b>
<b>Capital &amp; Reserves</b>				
Share Capital	443,347	442,549	443,347	442,549
Reserves	883,144	1,237,511	470,952	894,484
	<b>1,326,491</b>	<b>1,680,060</b>	<b>914,299</b>	<b>1,337,033</b>
Minority interests	30,762	25,656	-	-
	<b>1,357,253</b>	<b>1,705,716</b>	<b>914,299</b>	<b>1,337,033</b>

## Notes to Group Balance Sheets:

### 2a. Group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

As at 30-Sep-2008		As at 31-Dec-2007	
Secured	Unsecured	Secured	Unsecured
12,000,000	327,002,000	12,000,000	247,800,000

#### Amount repayable after one year

As at 30-Sep-2008		As at 31-Dec-2007	
Secured	Unsecured	Secured	Unsecured
24,000,000	-	32,000,000	149,869,000

#### Details of Collateral

Borrowing amounting to \$36,000,000 (31 December 2007: \$44,000,000) is secured on corporate guarantee from a subsidiary company.

### 2b. Net asset value

	Group			Company		
	Sep-2008	Dec-2007	+ / (-) %	Sep-2008	Dec-2007	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	64.53	81.13	(20.5)	44.37	64.56	(31.3)

The decrease in net asset value per share despite our record earnings is mainly due to the mark-to-market adjustments of quoted equity shares taken directly into reserves.

### 2c. Notes to Balance Sheets

#### (i) Group

##### **Other long-term investments**

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

##### **Derivative financial assets/liabilities**

'Derivative financial assets' decreased and 'Derivative financial liabilities' increased due to mark-to-market adjustments of foreign currency forward contracts.

##### **Deferred tax assets/ deferred taxation**

The increase in "Deferred tax assets" and decrease in "Deferred taxation" was largely due to deferred tax on mark-to-market adjustments of quoted equity shares and foreign currency forward contracts.

##### **Stocks and work-in progress, Progress billings in excess of work-in-progress, Fixed deposits and Bank and cash balances**

'Stocks and work-in-progress' decreased significantly and 'Progress billings in excess of work-in-progress', 'Fixed deposits' and 'Bank and cash balances' increased significantly mainly due to receipts from customers for both rig building projects in progress and completed projects.

##### **Trade creditors**

'Trade creditors' increased mainly due to increase in rig building, offshore and conversion projects.

## 2c. Notes to Balance Sheets (Cont'd)

### (ii) Company

#### **Other creditors and Long-term other creditors**

'Other creditors' decreased and 'Long-term other creditors' increased mainly due to amount owing to subsidiary companies that is not expected to be repaid in the next twelve months.

#### **Contingent liabilities**

On 22 October 2007, the Company announced that its former Director, Group Finance, Mr Wee Sing Guan, had entered into various unauthorised foreign exchange transactions (the "Unauthorised Transactions") for the account of one of its wholly-owned subsidiary company, Jurong Shipyard Pte Ltd ("JSPL").

Subsequent to the year end, on 14 February 2008, the Company announced that JSPL had reached full and final settlement with 9 of the 11 banks involved, all strictly on a commercial basis, as JSPL deems it in its best interests to avoid incurring substantial time and expense to engage in complex litigation with these banks. All the commercial settlements were entered into without any admission on the part of JSPL or the banks as to whether the Unauthorised Transactions were valid or binding on JSPL.

An amount of S\$289.9 million paid to Societe Generale ("SG") is comprised of US\$83.5 million paid before the Unauthorised Transactions were uncovered in October 2007 and US\$115.4 million that was paid as a pre-condition for closing out of transactions with JSPL, subject to JSPL's right to a refund of the monies from SG if the dispute is resolved in JSPL's favour. In compliance with Singapore Financial Reporting Standards ("FRS"), the sum of S\$289.9 million had been expensed in the profit and loss account for the year ended 31 December 2007. As JSPL's position is that the underlying transactions with SG are not valid and binding, JSPL intends to recover the amounts paid to SG and if JSPL succeeds in doing so, there will be an inflow of funds to be recognised in the financial statements at that relevant point in time.

As JSPL's position is that it is not liable to BNP Paribas ("BNP") in relation to the Unauthorised Transactions, BNP's claim for US\$50.7 million has not been recognised in the financial statements as of 30 September 2008 but is disclosed as a contingent liability in compliance with FRS. Pursuant to a statutory demand given by BNP on 20 November 2007, JSPL made an application in court for an injunction to restrain the presentation of a winding up petition by BNP. The injunction application was heard by the High Court from 4 to 6 March 2008. In a judgment dated 6 June 2008, the High Court granted JSPL's application for an injunction restraining BNP Paribas from filing a winding up application against JSPL. The High Court has agreed that there should be a full trial with cross examination. BNP Paribas has filed a Notice of Appeal on 4 July 2008 appealing against the decision of the High Court. Hearing of the appeal has been scheduled for the week beginning 10 November 2008.

As the disputes with SG and BNP regarding the Unauthorised Transactions are likely to be finally determined by the Court, the benefit of claiming a tax deduction for the amounts arising from the Unauthorised Transactions has not been shown in the financial statements. However, JSPL expressly reserves its position to claim the tax deduction at the relevant time. The disputes relating to the Unauthorised Transactions with BNP and SG are on going.

### 3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	3Q 2008	3Q 2007	9M 2008	9M 2007
	\$'000	\$'000 (Restated)	\$'000	\$'000 (Restated)
<b>Cash flow from operating activities:</b>				
<b>Operating profit</b>	<b>142,148</b>	<b>74,051</b>	<b>333,067</b>	<b>222,200</b>
Adjustments for:				
Depreciation of fixed assets, net	18,040	15,199	49,892	42,345
Gain on disposal of fixed assets, net	(32)	(4,032)	(922)	(4,137)
Fixed assets written off	9	12	9	15
Share-based payment expenses	5,512	5,929	14,854	10,225
Fair value adjustment of financial instruments	4,335	(300)	12,354	(300)
Amortisation	398	3,435	1,193	3,484
<b>Operating cash flow before changes in working capital</b>	<b>170,410</b>	<b>94,294</b>	<b>410,447</b>	<b>273,832</b>
Increase in debtors	(150,889)	(167,446)	(192,529)	(78,152)
Decrease/(increase) in stocks and work-in-progress	604,386	81,869	1,218,841	(26,236)
Increase/(decrease) in creditors	107,499	(6,732)	216,011	230,767
<b>Cash generated from operations</b>	<b>731,406</b>	<b>1,985</b>	<b>1,652,770</b>	<b>400,211</b>
Investment and interest income received	7,693	6,065	25,388	20,236
Interest paid	(4,160)	(4,519)	(10,168)	(10,299)
Income taxes paid	(17,184)	(16,599)	(38,507)	(38,800)
<b>Net cash provided by/(used in) operating activities</b>	<b>717,755</b>	<b>(13,068)</b>	<b>1,629,483</b>	<b>371,348</b>
<b>Cash flow from investing activities:</b>				
Proceeds from disposal of a subsidiary company, net	-	-	-	3,208
Investment in associated companies and joint ventures	-	(500)	-	(4,819)
Purchase of fixed assets	(20,250)	(30,772)	(70,065)	(91,050)
Capital refund from an associated company	-	-	-	52
Capital contribution by minority shareholders	529	-	529	-
Dividend from associated companies	160	-	10,478	12,760
Purchase of long term investment	-	-	-	(7,536)
Proceeds from sale of other long term investments	-	705	-	730
Proceeds from sale of fixed assets	44	45,217	1,194	45,327
<b>Net cash (used in)/provided by investing activities</b>	<b>(19,517)</b>	<b>14,650</b>	<b>(57,864)</b>	<b>(41,328)</b>
<b>Cash flow from financing activities:</b>				
Dividend paid				
- by the Company	(102,906)	(73,783)	(209,259)	(216,266)
- by a subsidiary company to minority shareholder	(5,376)	(595)	(5,822)	(3,553)
Repayment of hire purchase creditors	(650)	(247)	(1,223)	(712)
Loan from hire purchase creditors	-	-	-	796
Repayment of bank loans	(216,421)	(123,651)	(608,108)	(271,331)
Proceeds from bank loans	157,015	156,751	520,876	293,213
Proceeds from issue of shares by the Company	7,605	13,746	11,408	21,261
Purchase of Treasury shares	(43,419)	-	(93,745)	-
<b>Net cash used in financing activities</b>	<b>(204,152)</b>	<b>(27,779)</b>	<b>(385,873)</b>	<b>(176,592)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>494,086</b>	<b>(26,197)</b>	<b>1,185,746</b>	<b>153,428</b>
Cash and cash equivalents at beginning of period	1,432,137	672,773	740,477	493,148
<b>Cash and cash equivalents at end of period</b>	<b>1,926,223</b>	<b>646,576</b>	<b>1,926,223</b>	<b>646,576</b>



### 3. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

#### 3.1 Cash flows on disposal of a subsidiary company, net of cash

The disposal of a subsidiary company in 9M 2007 was shown as a single item. There was no disposal in 9M 2008.

	Group		Group	
	3Q 2008	3Q 2007	9M 2008	9M 2007
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	-	(578)
Investment in associated company	-	-	-	(2,099)
Stocks and work-in-progress	-	-	-	(1,036)
Debtors	-	-	-	(18,390)
Other assets	-	-	-	(26)
Bank and cash balances	-	-	-	(222)
Creditors	-	-	-	17,374
Bank overdraft	-	-	-	577
Provision for taxation and deferred taxation	-	-	-	347
Net assets disposed	-	-	-	(4,053)
Minority interests	-	-	-	1,824
Gain on disposal	-	-	-	(624)
Disposal consideration received	-	-	-	(2,853)

The disposal of subsidiary company, net of cash was represented by:

Cash received	-	-	-	2,853
Less: Bank and cash balances disposed	-	-	-	(222)
Add: Bank overdraft disposed	-	-	-	577
Net cash inflow	-	-	-	3,208

### 3. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

#### 3.2 Cash flows on acquisition of subsidiary companies, net of cash

The acquisition of subsidiary companies in 3Q 2007 was shown as a single item. There was no acquisition in 9M 2008.

	Group		Group	
	3Q 2008	3Q 2007	9M 2008	9M 2007
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	3,806	-	3,806
Intangible assets	-	5,603	-	5,603
Deferred taxation	-	(1,882)	-	(1,882)
Net assets acquired	-	7,527	-	7,527
Goodwill on acquisition	-	(7,527)	-	(7,527)
Purchase consideration	-	-	-	-

#### 3.3 Cash and cash equivalents

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

	30-Sep-2008	30-Sep-2007
	\$'000	\$'000
Fixed deposit, bank and cash balances	1,934,763	647,349
Bank overdraft	(8,540)	(773)
	<u>1,926,223</u>	<u>646,576</u>

#### 3.4 Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for 9M 2008 was \$1,629.5 million. The strong operating cash flow was mainly contributed by the higher operating margins from rig building and ship repair businesses and the completion of rig building projects in 9M 2008.

Net cash outflow from investing activities for 9M 2008 was \$57.9 million. The Group spent \$70.1 million on expansion and operational capital expenditures in 9M 2008.

Net cash outflow from financing activities for 9M 2008 was \$385.9 million. It relates mainly to dividends paid, purchase of treasury shares and repayment of bank borrowings.

#### 4. STATEMENTS OF CHANGES IN EQUITY

##### 4a. Statements of Changes in Equity for the Group

GROUP	Attributable to equity holders of the Company								
	Share capital	Treasury shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total	Minority interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1H 2008</b>									
At 1 January 2008	442,549	-	14,084	(18,304)	506,393	735,338	1,680,060	25,656	1,705,716
Foreign currency translation	-	-	-	(511)	-	-	(511)	(505)	(1,016)
Net fair value changes	-	-	-	-	(189,686)	-	(189,686)	-	(189,686)
Net income recognised directly in equity	-	-	-	(511)	(189,686)	-	(190,197)	(505)	(190,702)
Profit for the period	-	-	-	-	-	219,592	219,592	7,746	227,338
Total recognised income and expenses for the period	-	-	-	(511)	(189,686)	219,592	29,395	7,241	36,636
Issue of new shares									
- under Share Option Plan	798	-	-	-	-	-	798	-	798
Purchase of treasury shares	-	(50,326)	-	-	-	-	(50,326)	-	(50,326)
Issuance of treasury shares	-	15,538	-	-	(12,904)	-	2,634	-	2,634
Dividend paid to									
- Company's shareholders	-	-	-	-	-	(106,353)	(106,353)	-	(106,353)
- minority shareholder	-	-	-	-	-	-	-	(446)	(446)
Cost of share-based payment									
- charged to profit and loss account	-	-	-	-	5,977	-	5,977	46	6,023
<b>At 30 June 2008</b>	443,347	(34,788)	14,084	(18,815)	309,780	848,577	1,562,185	32,497	1,594,682
<b>3Q 2008</b>									
Foreign currency translation	-	-	-	11,885	-	-	11,885	449	12,334
Net fair value changes	-	-	-	-	(252,411)	-	(252,411)	(2,969)	(255,380)
Net income recognised directly in equity	-	-	-	11,885	(252,411)	-	(240,526)	(2,520)	(243,046)
Profit for the period	-	-	-	-	-	140,894	140,894	5,603	146,497
Total recognised income and expenses for the period	-	-	-	11,885	(252,411)	140,894	(99,632)	3,083	(96,549)
Capital contribution by minority shareholder	-	-	-	-	-	-	-	529	529
Purchase of treasury shares	-	(43,419)	-	-	-	-	(43,419)	-	(43,419)
Issuance of treasury shares	-	21,567	-	-	(14,166)	-	7,401	-	7,401
Dividend paid to									
- Company's shareholders	-	-	-	-	-	(102,906)	(102,906)	-	(102,906)
- minority shareholder	-	-	-	-	-	-	-	(5,376)	(5,376)
Cost of share-based payment									
- charged to profit and loss account	-	-	-	-	2,862	-	2,862	29	2,891
<b>At 30 September 2008</b>	443,347	(56,640)	14,084	(6,930)	46,065	886,565	1,326,491	30,762	1,357,253

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

<b>GROUP</b>	<b>Attributable to equity holders of the Company</b>							
	Share capital	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total	Minority interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1H 2007</b>								
At 1 January 2007	418,631	14,419	(12,055)	206,729	710,615	1,338,339	31,884	1,370,223
Foreign currency translation	-	-	3,966	-	-	3,966	(5)	3,961
Net fair value changes	-	-	-	181,275	-	181,275	-	181,275
Net income recognised directly in equity	-	-	3,966	181,275	-	185,241	(5)	185,236
Profit for the period	-	-	-	-	158,838	158,838	3,911	162,749
Total recognised income and expenses for the period	-	-	3,966	181,275	158,838	344,079	3,906	347,985
Issue of new shares								
- under Share Option Plan	7,515	-	-	-	-	7,515	-	7,515
Dividend paid to								
- Company's shareholders	-	-	-	-	(142,483)	(142,483)	-	(142,483)
- minority shareholders	-	-	-	-	-	-	(2,958)	(2,958)
Disposal of subsidiary companies	-	-	-	-	-	-	(1,824)	(1,824)
Cost of share-based payment								
- charged to profit and loss account	-	-	-	4,264	-	4,264	32	4,296
<b>At 30 June 2007</b>	<b>426,146</b>	<b>14,419</b>	<b>(8,089)</b>	<b>392,268</b>	<b>726,970</b>	<b>1,551,714</b>	<b>31,040</b>	<b>1,582,754</b>
<b>3Q 2007</b>								
Foreign currency translation	-	-	(2,461)	-	-	(2,461)	(303)	(2,764)
Net fair value changes	-	-	-	244,159	-	244,159	-	244,159
Net income recognised directly in equity	-	-	(2,461)	244,159	-	241,698	(303)	241,395
Profit for the period	-	-	-	-	81,359	81,359	2,172	83,531
Total recognised income and expenses for the period	-	-	(2,461)	244,159	81,359	323,057	1,869	324,926
Issue of new shares								
- under Share Option Plan	13,746	-	-	-	-	13,746	-	13,746
Dividend paid to								
- Company's shareholders	-	-	-	-	(73,783)	(73,783)	-	(73,783)
- minority shareholders	-	-	-	-	-	-	(595)	(595)
Cost of share-based payment								
- charged to profit and loss account	-	-	-	5,881	-	5,881	48	5,929
<b>At 30 September 2007</b>	<b>439,892</b>	<b>14,419</b>	<b>(10,550)</b>	<b>642,308</b>	<b>734,546</b>	<b>1,820,615</b>	<b>32,362</b>	<b>1,852,977</b>

#### 4b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	Share capital	Treasury shares	Capital reserves	Other reserves	Revenue reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1H 2008</b>						
At 1 January 2008	442,549	-	960	347,065	546,459	1,337,033
Net fair value changes	-	-	-	(147,726)	-	(147,726)
Net income recognised directly in equity	-	-	-	(147,726)	-	(147,726)
Profit for the period	-	-	-	-	56,525	56,525
Total recognised income and expenses for the period	-	-	-	(147,726)	56,525	(91,201)
Issue of new shares						
- under Share Option Plan	798	-	-	-	-	798
Purchase of treasury shares	-	(50,326)	-	-	-	(50,326)
Issuance of treasury shares	-	15,538	-	(12,533)	-	3,005
Dividend paid to						
- Company's shareholders	-	-	-	-	(106,353)	(106,353)
Cost of share-based payment						
- charged to profit and loss account	-	-	-	1,432	-	1,432
- issued to employees of subsidiary companies	-	-	-	4,415	-	4,415
<b>At 30 June 2008</b>	<b>443,347</b>	<b>(34,788)</b>	<b>960</b>	<b>192,653</b>	<b>496,631</b>	<b>1,098,803</b>
<b>3Q 2008</b>						
Net fair value changes	-	-	-	(97,586)	-	(97,586)
Net income recognised directly in equity	-	-	-	(97,586)	-	(97,586)
Profit for the period	-	-	-	-	48,757	48,757
Total recognised income and expenses for the period	-	-	-	(97,586)	48,757	(48,829)
Issue of new shares						
- under Share Option Plan	-	-	-	-	-	-
Purchase of treasury shares	-	(43,419)	-	-	-	(43,419)
Issuance of treasury shares	-	21,567	-	(13,962)	-	7,605
Dividend paid to						
- Company's shareholders	-	-	-	-	(102,906)	(102,906)
Cost of share-based payment						
- charged to profit and loss account	-	-	-	859	-	859
- issued to employees of subsidiary companies	-	-	-	2,186	-	2,186
<b>At 30 September 2008</b>	<b>443,347</b>	<b>(56,640)</b>	<b>960</b>	<b>84,150</b>	<b>442,482</b>	<b>914,299</b>

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

<u>COMPANY</u>	Share capital	Capital reserves	Other reserves	Revenue reserve	<b>Total Equity</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1H 2007</b>					
At 1 January 2007					
- As previously stated	418,631	960	120,720	393,335	933,646
- Changes in accounting policy	-	-	8,498	-	8,498
- As restated	418,631	960	129,218	393,335	942,144
Net fair value changes	-	-	85,069	-	85,069
Net income recognised directly in equity	-	-	85,069	-	85,069
Profit for the period	-	-	-	43,398	43,398
Total recognised income and expenses for the period	-	-	85,069	43,398	128,467
Issue of new shares					
- under Share Option Plan	7,515	-	-	-	7,515
Dividend paid to					
- Company's shareholders	-	-	-	(142,483)	(142,483)
Cost of share-based payment					
- charged to profit and loss account	-	-	1,029	-	1,029
- issued to employees of subsidiary companies	-	-	3,163	-	3,163
<b>At 30 June 2007</b>	<b>426,146</b>	<b>960</b>	<b>218,479</b>	<b>294,250</b>	<b>939,835</b>
<b>3Q 2007</b>					
Net fair value changes	-	-	113,622	-	113,622
Net income recognised directly in equity	-	-	113,622	-	113,622
Profit for the period	-	-	-	22,784	22,784
Total recognised income and expenses for the period	-	-	113,622	22,784	136,406
Issue of new shares					
- under Share Option Plan	13,746	-	-	-	13,746
Dividend paid to					
- Company's shareholders	-	-	-	(73,783)	(73,783)
Cost of share-based payment					
- charged to profit and loss account	-	-	1,377	-	1,377
- issued to employees of subsidiary companies	-	-	4,401	-	4,401
<b>At 30 September 2007</b>	<b>439,892</b>	<b>960</b>	<b>337,879</b>	<b>243,251</b>	<b>1,021,982</b>

#### **4c. Changes in the Company's share capital**

##### Issued Share Capital

During 3Q 2008, no (3Q 2007: 8,335,385) ordinary share is issued by the Company for cash upon the exercise of options granted under the Sembcorp Marine Share Option Plan (the "Plan"). As at 30 September 2008, the Company's issued and paid up capital, excluding 15,762,542 (30 September 2007: Nil) treasury shares held comprises 2,055,608,928 (30 September 2007: 2,069,180,680) ordinary shares.

##### Share Options

During 3Q 2008, there is no share option (3Q 2007: Nil) granted under the Plan. As at 30 September 2008, there were 26,316,319 (30 September 2007: 37,770,070) unexercised options for unissued ordinary shares under the Plan.

The details of the Plan, which was started in 1991 as the Jurong Shipyard Limited Executives' Share Option Scheme, were set out in the financial statements of that year.

##### Performance Shares

During 3Q 2008, there is no (3Q 2007: Nil) performance share granted under the Company's Performance Share Plan ("PSP"). The total number of performance shares in awards granted conditionally and representing 100% of targets achieved but not released as at 30 September 2008 was 2,610,000 (30 September 2007: 2,075,000).

Under the PSP, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, performance shares to be delivered at the end of the 3-year performance cycle will range from 0% to 150% of the original award.

##### Restricted Shares

During 3Q 2008, there is no (3Q 2007: Nil) restricted share granted conditionally under the Company's Restricted Stock Plan ("RSP"). The total number of restricted shares in awards granted conditionally and representing 100% of targets achieved but not released as at 30 September 2008 was 7,452,066 (30 September 2007: 4,949,629).

Under the RSP, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 130% of the original award.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting of three years after the performance period, during which one-third of the awarded shares are released each year. As at 30 September 2008, 1,347,909 restricted shares has vested for the performance period 2006 to 2007, which will be released in 2009 and 2010.

##### Treasury Shares

During 3Q 2008, the Company purchased a total of 11,806,000 ordinary shares. It transferred 5,928,296 (3Q 2007: Nil) ordinary shares from the treasury shares held pursuant to the exercise of options granted under the Plan. As at 30 September 2008, 15,762,542 treasury shares were held that may be issued upon the exercise of the options under the Plan, and upon the release of performance shares and restricted shares under the PSP and RSP respectively.

## 5. AUDIT

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

## 6. AUDITORS' REPORT

Not applicable.

## 7. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2007.

## 8. CHANGES IN ACCOUNTING POLICIES

Not applicable.

## 9. REVIEW OF GROUP PERFORMANCE

### Group Overview

#### 3Q 2008 versus 3Q 2007

	3Q 2008	3Q 2007	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	631.4	648.6	(17.2)	(2.7)
Offshore and Conversion	285.2	306.2	(21.0)	(6.9)
Repair	210.7	189.3	21.4	11.3
Shipbuilding	-	14.8	(14.8)	n.m.
Other Activities	16.9	12.2	4.7	38.5
<b>Group Turnover</b>	<b>1,144.2</b>	<b>1,171.1</b>	<b>(26.9)</b>	<b>(2.3)</b>

Group turnover for 3Q 2008 decreased by 2.3% to \$1,144.2 million from \$1,171.1 million in 3Q 2007.

### **Group Operating Profit and Pre-tax Profit**

Group operating profits increased by 92.0% to \$142.1 million in 3Q 2008 from \$74.0 million in 3Q 2007.

Group pre-tax profits increased by 87.7% to \$180.9 million from \$96.4 million in 3Q 2007. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses and better contribution from associated companies.

### **Group Profit Attributable to Members of the Company**

Group attributable profits increased by 73.2% to \$140.9 million from \$81.4 million in 3Q 2007.



## 9. REVIEW OF GROUP PERFORMANCE (Cont'd)

### 9M 2008 versus 9M 2007

	9M 2008	9M 2007	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
<b>Rig Building</b>	1,976.8	1,762.6	214.2	12.2
<b>Offshore and Conversion</b>	820.2	766.6	53.6	7.0
<b>Repair</b>	593.6	535.4	58.2	10.9
<b>Shipbuilding</b>	2.0	70.7	(68.7)	(97.2)
<b>Other Activities</b>	53.9	41.1	12.8	31.1
<b>Group Turnover</b>	<u>3,446.5</u>	<u>3,176.4</u>	<u>270.1</u>	<u>8.5</u>

Group turnover for 9M 2008 increased by 8.5% to \$3,446.5 million from \$3,176.4 million in 9M 2007.

### **Group Operating Profit and Pre-tax Profit**

Group operating profits increased by 49.9% to \$333.1 million in 9M 2008 from \$222.2 million in 9M 2007.

Group pre-tax profits increased by 58.8% to \$456.8 million from \$287.7 million in 9M 2007. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses and better contribution from associated companies.

### **Group Profit Attributable to Members of the Company**

Group attributable profits increased by 50.1% to \$360.5 million from \$240.2 million in 9M 2007.

## 10. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the previous forecast.

## 11. PROSPECTS

The current global financial outlook and economic conditions are challenging. The Group however has a strong net order book of \$9.9 billion, comprising rig building, ship conversion and offshore projects. This includes new orders of \$5.5 billion secured since January 2008. These projects will provide the Group with a solid base-load, and will keep our shipyards busy with progressive completion and deliveries from 4Q 2008 until 2012.

The Group is in a strong net cash and balance sheet position and expects the current year's overall performance to be stronger than FY 2007.

For the future, we expect ship repair demand to remain strong amid global tightness in yard capacity and support from our long-term customers.

Fundamentals for the offshore sector remain intact. In the long term, exploration and production (E&P) activities will continue, in order to replace declining global oil and gas reserves and to increase production.

The replacement of the ageing world rig fleet and the demand for deepwater units should resume when the global financial crisis abates and economic conditions improve.

Although the current financial turmoil has a dampening impact on world economy and global demand for oil, the Group is confident that the long-term fundamentals and outlook for the marine and offshore industry remain positive.

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

## 12. DIVIDEND

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

Any dividend recommended for the current financial period reported on? No.

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

Not applicable.

### 13. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment: 9M 2008</b>					
<b>Turnover</b>					
Sales to external parties	3,410,164	-	36,293	-	3,446,457
Inter-segment sales	-	-	172,239	(172,239)	-
Consolidated sales	3,410,164	-	208,532	(172,239)	3,446,457
<b>Results</b>					
<b>Segment results</b>	<b>326,404</b>	<b>(16)</b>	<b>6,679</b>	<b>-</b>	<b>333,067</b>
Dividend and interest income	25,679	-	(8)	-	25,671
Finance costs	(9,773)	-	-	-	(9,773)
Share of results of associated companies & joint venture	100,471	7,341	26	-	107,838
Profit before taxation	442,781	7,325	6,697	-	456,803
Taxation	(80,368)	(1,314)	(1,286)	-	(82,968)
Profit after taxation	362,413	6,011	5,411	-	373,835
<b>Other information</b>					
Capital expenditure	68,159	-	4,780	-	72,939
Depreciation	48,970	-	922	-	49,892
Amortisation	1,193	-	-	-	1,193
<b>Other segment assets</b>					
Interest bearing assets	1,852,441	-	16,904	-	1,869,345
Investments in associated companies & joint venture	277,952	18,038	245	-	296,235
Deferred tax assets	268	-	-	-	268
Tax recoverable	5,394	-	379	-	5,773
Total segment assets	4,917,301	35,341	49,251	-	5,001,893
<b>Other segment liabilities</b>					
Interest bearing liabilities	367,297	-	1	-	367,298
Deferred taxation	74,341	-	759	-	75,100
Provision for taxation	136,342	528	1,733	-	138,603
Total segment liabilities	3,606,536	541	37,563	-	3,644,640

13. **SEGMENTAL REPORTING (CONT'D)**

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment: 9M 2007</b>					
<b>Turnover</b>					
Sales to external parties	3,146,965	-	29,445	-	3,176,410
Inter-segment sales	-	-	127,174	(127,174)	-
Consolidated sales	3,146,965	-	156,619	(127,174)	3,176,410
<b>Results</b>					
<b>Segment results</b>	<b>218,756</b>	<b>(127)</b>	<b>3,571</b>	<b>-</b>	<b>222,200</b>
Dividend and interest income	19,393	118	331	-	19,842
Finance costs	(9,480)	-	-	-	(9,480)
Non-operating income	624	-	-	-	624
Non-operating expenses	(2,334)	-	-	-	(2,334)
Share of results of associated companies & joint venture	52,210	4,649	32	-	56,891
Profit before taxation	279,169	4,640	3,934	-	287,743
Taxation	(38,936)	(1,593)	(934)	-	(41,463)
Profit after taxation	240,233	3,047	3,000	-	246,280
<b>Other information</b>					
Capital expenditure	102,772	500	133	-	103,405
Depreciation	43,761	-	918	-	44,679
Amortisation	3,484	-	-	-	3,484
<b>Other segment assets</b>					
Interest bearing assets	630,394	3,692	18,307	-	652,393
Investments in associated companies & joint venture	178,346	9,669	2,125	-	190,140
Tax recoverable	1,939	-	-	-	1,939
Total segment assets	4,241,701	31,239	50,315	-	4,323,255
<b>Other segment liabilities</b>					
Interest bearing liabilities	403,975	-	-	-	403,975
Deferred taxation	190,857	-	903	-	191,760
Provision for taxation	54,125	569	1,704	-	56,398
Total segment liabilities	2,438,483	534	31,261	-	2,470,278

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

### 13. SEGMENTAL REPORTING (CONT'D)

#### (b) *By geographical area*

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>9M 2008</b>						
Revenue from external customers	939,508	1,147,122	950,015	409,812	-	3,446,457
Total segment assets	4,557,032	429,203	-	15,658	-	5,001,893
Capital expenditure	60,223	12,630	-	86	-	72,939
<b>9M 2007</b>						
Revenue from external customers	729,539	628,365	1,694,020	124,486	-	3,176,410
Total segment assets	3,971,953	326,681	-	24,621	-	4,323,255
Capital expenditure	93,125	10,280	-	-	-	103,405

#### 13a. Review of segment performance

Please refer to paragraph 9.

### 14. INTERESTED PERSON TRANSACTIONS

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

	9M 2008 \$'000	9M 2007 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
Neptune Orient Lines Ltd and its associates	10,152	13,195
PSA International Pte Ltd and its associates	1,435	607
<b>Transaction for the Purchase of Goods and Services</b>		
PSA International Pte Ltd and its associates	4,780	-
Sembcorp Industries Limited and its associates	25,539	19,365
<b>Management and Support Services</b>		
Sembcorp Industries Limited	188	188
<b>Total Interested Person Transactions</b>	<b>42,094</b>	<b>33,355</b>

**15. CONFIRMATION PURSUANT TO THE RULE 705(4) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the third quarter and nine months ended September 30, 2008 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

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

4 November 2008