



SEMBCORP MARINE LTD & ITS SUBSIDIARIES
Registration Number: 196300098Z

THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2009 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP MARINE LTD AND ITS SUBSIDIARIES
UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2009

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the third quarter and nine months ended 30 September 2009.

1.1 CONSOLIDATED INCOME STATEMENT

	Group			Group		
	3Q 2009 \$'000	3Q 2008 \$'000	+ / (-) %	9M 2009 \$'000	9M 2008 \$'000	+ / (-) %
Turnover	1,520,411	1,144,246	32.9	4,381,523	3,446,457	27.1
Cost of sales	(1,313,793)	(985,650)	33.3	(3,835,731)	(3,053,162)	25.6
Gross profit	206,618	158,596	30.3	545,792	393,295	38.8
Other operating income	5,221	13,902	(62.4)	13,647	25,498	(46.5)
Other operating expenses	(5,665)	72	n.m.	(7,435)	(2,262)	228.7
General and administrative expenses	(32,189)	(30,422)	5.8	(76,685)	(83,464)	(8.1)
Operating profit	173,985	142,148	22.4	475,319	333,067	42.7
Dividend and interest income	2,380	7,495	(68.2)	14,510	25,671	(43.5)
Finance costs	(1,451)	(3,681)	(60.6)	(4,968)	(9,773)	(49.2)
Non-operating income	-	-	-	368	-	n.m.
Non-operating expenses	-	-	-	(7,536)	-	n.m.
Share of results of associates and joint ventures	7,724	34,975	(77.9)	35,094	107,838	(67.5)
Profit before income tax expense	182,638	180,937	0.9	512,787	456,803	12.3
Income tax expense	(31,062)	(34,440)	(9.8)	(88,582)	(82,968)	6.8
Profit for the period	151,576	146,497	3.5	424,205	373,835	13.5
Attributable to:						
Shareholders of the Company	144,618	140,894	2.6	402,870	360,486	11.8
Minority interests	6,958	5,603	24.2	21,335	13,349	59.8
	151,576	146,497	3.5	424,205	373,835	13.5
Earnings per share (cents)						
Basic	7.02	6.84	2.6	19.58	17.45	12.2
Diluted	7.01	6.80	3.1	19.54	17.35	12.6

NOTES TO CONSOLIDATED INCOME STATEMENT:

1.1a. Profit for the period is arrived at after crediting/(charging) the following significant items:

	Group			Group		
	3Q 2009 \$'000	3Q 2008 \$'000	+ / (-) %	9M 2009 \$'000	9M 2008 \$'000	+ / (-) %
Investment income	-	-	-	7,798	7,804	(0.1)
Interest income	2,380	7,495	(68.2)	6,712	17,867	(62.4)
Interest expense	(1,451)	(3,681)	(60.6)	(4,968)	(9,773)	(49.2)
Depreciation and amortisation	(18,044)	(18,438)	(2.1)	(53,679)	(51,085)	5.1
Write-back of/(allowance for) doubtful debts/ bad debts, net	290	192	51.0	(462)	88	n.m.
Allowance for inventory obsolescence, net	(21)	(63)	(66.7)	(65)	(210)	(69.0)
Foreign exchange (loss)/gain, net	(5,540)	12,586	n.m.	(6,754)	10,679	n.m.
Gain on disposal of property, plant and equipment, net	43	32	34.4	111	922	(88.0)
Fair value adjustment on hedging instruments	829	(3,102)	n.m.	1,376	(1,608)	n.m.
Non-operating income:						
Gain on liquidation of subsidiary	-	-	-	368	-	n.m.
Non-operating expenses:						
Impairment of other investment	-	-	-	(7,536)	-	n.m.

n.m. : not meaningful

	Group			Group		
	3Q 2009	3Q 2008	+ / (-) %	9M 2009	9M 2008	+ / (-) %
Profit after taxation as a percentage of Turnover	9.97%	12.80%	(22.1)	9.68%	10.85%	(10.8)
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	9.05%	10.62%	(14.8)	25.22%	27.18%	(7.2)

Notes:

- (i) Lower interest income was because of lower interest rates on interest bearing asset balances.
- (ii) Lower 9M 2009 interest expense was due mainly to lower borrowing balances.
- (iii) Foreign exchange loss in 3Q 2009 and 9M 2009 mainly arose from the weakening of United States dollar against Singapore dollar.
- (iv) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

1.1b. Income Tax Expense

The Group's tax charge for 3Q 2009 included an under provision of tax in respect of prior years of \$25,000 (3Q 2008: over provision of tax in respect of prior years of \$362,000).

The Group's tax charge for 9M 2009 included a write back of an over provision of tax in respect of prior years of \$2,375,000 (9M 2008: over provision of tax in respect of prior years of \$946,000). The over provision of tax in respect of prior years is mainly due to a write back of provision for deferred tax arising from a reduction in Singapore corporate tax rate from 18% to 17%.

1.1c. 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 2009	3Q 2008	+ /(-) %	9M 2009	9M 2008	+ /(-) %
(i) Based on the weighted average number of shares (cents)	7.02	6.84	2.6	19.58	17.45	12.2
Weighted average number of shares	2,060,092,980	2,060,980,726	n.m.	2,057,428,549	2,065,769,434	(0.4)
(ii) On a fully diluted basis (cents)	7.01	6.80	3.1	19.54	17.35	12.6
Adjusted weighted average number of shares	2,064,036,980	2,073,486,726	(0.5)	2,061,372,549	2,078,275,434	(0.8)

1.1d. Explanatory Notes to Group Income Statement

Turnover

Group turnover increased in 3Q 2009 & 9M 2009 mainly due to higher percentage of completion achieved in the rig building, offshore and conversion projects.

Gross profit

Gross profit margin was higher in 3Q 2009 & 9M 2009 primarily due to higher margins from rig building, offshore and conversion projects.

Other operating income/expenses

	Note	Group			Group		
		3Q 2009 \$'000	3Q 2008 \$'000	+ /(-) %	9M 2009 \$'000	9M 2008 \$'000	+ /(-) %
Foreign exchange (loss)/gain	1a(iii)	(5,540)	12,586	n.m.	(6,754)	10,679	n.m.
Fair value adjustment on hedging instruments	1a(iv)	829	(3,102)	n.m.	1,376	(1,608)	n.m.
Other income		4,392	4,717	(6.9)	12,271	14,819	(17.2)
Other expenses		(125)	(227)	(44.9)	(681)	(654)	4.1
		<u>(444)</u>	<u>13,974</u>	n.m.	<u>6,212</u>	<u>23,236</u>	<u>(73.3)</u>
<i>Disclosed in group income statement as follows :-</i>							
Other operating income		5,221	13,902	(62.4)	13,647	25,498	(46.5)
Other operating expenses		<u>(5,665)</u>	<u>72</u>	n.m.	<u>(7,435)</u>	<u>(2,262)</u>	<u>228.7</u>
		<u>(444)</u>	<u>13,974</u>	n.m.	<u>6,212</u>	<u>23,236</u>	<u>(73.3)</u>

Other income decreased in 3Q 2009 & 9M 2009 is mainly due to the reduction of scrap sales.

General and administrative expenses

The lower general and administrative expenses are mainly due to lower personnel related costs in 9M 2009.

Share of results of associates and joint ventures

Decreases in the share of results of associates and joint ventures in 3Q 2009 & 9M 2009 are mainly due to substantially lower contribution from Cosco Shipyard Group Co. Ltd.

1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Group	
	3Q 2009	3Q 2008	9M 2009	9M 2008
	\$'000	\$'000	\$'000	\$'000
Profit for the period	151,576	146,497	424,205	373,835
Translation adjustments	(11,982)	12,334	(9,624)	11,318
Net fair value changes of cash flow hedges	36,211	(101,994)	69,023	(52,991)
Net fair value changes of available-for-sale financial assets	(5,072)	(153,386)	22,182	(392,075)
Add: reclassification adjustments for deficits included in income statement on impairment	-	-	7,536	-
Other comprehensive income/(expense) for the period	19,157	(243,046)	89,117	(433,748)
Total comprehensive income/(expense) for the period	170,733	(96,549)	513,322	(59,913)
Attributable to:				
Shareholders of the Company	162,972	(99,632)	490,205	(70,237)
Minority Interests	7,761	3,083	23,117	10,324
Total comprehensive income/(expense) for the period	170,733	(96,549)	513,322	(59,913)

2. BALANCE SHEETS

Balance Sheets	Group		Company	
	30-Sep-2009 \$'000	31-Dec-2008 \$'000	30-Sep-2009 \$'000	31-Dec-2008 \$'000
Non-current Assets				
Property, plant and equipment	695,247	697,702	109,373	111,532
Investment properties	-	-	52,621	54,037
Investment in subsidiaries	-	-	622,189	620,252
Investment in associates and joint ventures	294,070	269,609	107,369	107,369
Other long-term investments	165,838	138,376	114,645	97,317
Long-term trade receivables	15,399	18,025	15,399	18,025
Long-term other receivables	36,928	37,023	68,947	73,944
Intangible assets	6,127	6,127	122	122
Deferred tax assets	59	9,436	-	-
Total Non-current Assets	1,213,668	1,176,298	1,090,665	1,082,598
Current Assets				
Inventories and work-in-progress	1,263,817	834,789	-	-
Trade receivables	627,557	480,396	23,744	16,123
Other receivables, deposits and prepayments	71,262	66,302	45,162	166,846
Derivative financial assets	947	-	-	-
Fixed deposits	1,406,298	1,630,147	-	-
Bank balances and cash	269,489	423,885	13,920	12,454
Total Current Assets	3,639,370	3,435,519	82,826	195,423
Current Liabilities				
Trade payables	1,791,290	1,638,812	16,424	18,843
Other payables	29,235	26,869	193,711	113,103
Provisions	37,834	38,188	-	-
Progress billings in excess of work-in-progress	1,009,907	966,990	-	-
Interest-bearing borrowings	12,000	202,238	-	149,945
Derivative financial liabilities	13,189	71,394	-	-
Provision for taxation	194,433	167,149	1,444	422
Total Current Liabilities	3,087,888	3,111,640	211,579	282,313
Net Current Assets/(Liabilities)	551,482	323,879	(128,753)	(86,890)
Total Assets less Current Liabilities	1,765,150	1,500,177	961,912	995,708
Non-current Liabilities				
Long-term interest-bearing borrowings	11,000	20,000	-	-
Long-term derivative financial liabilities	33,079	49,731	-	-
Deferred tax liabilities	69,834	61,261	35,290	34,163
Long-term other payables	1,820	2,603	32,946	32,849
Other provisions	6,302	6,623	2,895	2,895
Total Non-current Liabilities	122,035	140,218	71,131	69,907
	1,643,115	1,359,959	890,781	925,801
Capital & Reserves				
Share capital	443,347	443,347	443,347	443,347
Reserves	1,154,074	874,638	447,434	482,454
	1,597,421	1,317,985	890,781	925,801
Minority interests	45,694	41,974	-	-
	1,643,115	1,359,959	890,781	925,801

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-2009		As at 31-Dec-2008	
Secured	Unsecured	Secured	Unsecured
12,000,000	-	12,000,000	190,238,000

Amount repayable after one year

As at 30-Sep-2009		As at 31-Dec-2008	
Secured	Unsecured	Secured	Unsecured
11,000,000	-	20,000,000	-

Details of Collateral

Borrowing amounting to \$23,000,000 (31 December 2008: \$32,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Sep-2009	Dec-2008	+ / (-) %	Sep-2009	Dec-2008	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	77.43	64.11	20.8	43.18	45.03	(4.1)

2c. Explanatory Notes to Balance Sheets

(i) Group

Inventories and work-in progress, Trade receivables and Trade payables

'Inventories and work-in-progress', 'Trade receivables' and 'Trade payables' increased significantly mainly due to increase in rig building, offshore and conversion projects.

Fixed deposits and Bank balances and cash

'Fixed deposits' and 'Bank balances and cash' decreased mainly due to the repayment of borrowings and payment of dividend.

Interest-bearing borrowings

'Interest-bearing borrowings' decreased significantly due to the repayment of borrowings.

(ii) Company

Other receivables, deposits and prepayments

'Other receivables, deposits and prepayments' decreased significantly mainly due to the repayment of loan by a subsidiary.

Interest-bearing borrowings

'Interest-bearing borrowings' decreased significantly due to the repayment of borrowings.

Other payables and Net Current Liabilities

'Other payables' increased which resulted in negative working capital of the Company was due to the timing of dividend distribution from subsidiaries.

3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	3Q 2009	3Q 2008	9M 2009	9M 2008
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Operating profit	173,985	142,148	475,319	333,067
Adjustments for:				
Depreciation of property, plant and equipment, net	18,026	18,040	53,624	49,892
Impairment loss on property, plant and equipment	624	-	624	-
Gain on disposal of property, plant and equipment, net	(43)	(32)	(111)	(922)
Property, plant and equipment written off	371	9	375	9
Share-based payment expenses	3,774	5,512	7,281	14,854
Fair value adjustment on hedging instruments	(829)	3,102	(1,376)	1,608
Amortisation	18	398	55	1,193
Negative goodwill	-	-	(298)	-
Operating income before reinvestment in working capital	195,926	169,177	535,493	399,701
Decrease/(increase) in receivables	15,936	(150,889)	(150,745)	(192,529)
(Increase)/decrease in inventories and work-in-progress	(140,156)	604,386	(386,111)	1,218,841
(Decrease)/increase in payables	(130,284)	108,732	151,945	226,757
Cash (used in) / generated from operations	(58,578)	731,406	150,582	1,652,770
Investment and interest income received	2,983	7,693	14,900	25,388
Interest paid	(2,835)	(4,160)	(6,556)	(10,168)
Income tax paid	(17,913)	(17,184)	(51,890)	(38,507)
Net cash (outflow) / inflow from operating activities	(76,343)	717,755	107,036	1,629,483
Cash flows from investing activities:				
Purchase of property, plant and equipment	(12,922)	(20,250)	(50,656)	(70,065)
Proceeds from sale of property, plant and equipment	1,610	44	3,689	1,194
Dividend from associate	-	160	261	10,478
Capital contribution by minority shareholders	-	529	-	529
Acquisition of minority interest	-	-	(13,428)	-
Purchase of other investment	-	-	(32)	-
Net cash outflow from investing activities	(11,312)	(19,517)	(60,166)	(57,864)
Cash flows from financing activities:				
Payments on finance leases	(242)	(650)	(858)	(1,223)
Repayment of borrowings	(190,876)	(216,421)	(644,873)	(608,108)
Proceeds from borrowings	2,255	157,015	445,580	520,876
Proceeds from ESOS exercised with issue of treasury shares	6,172	7,605	7,437	11,408
Purchase of treasury shares	-	(43,419)	-	(93,745)
Dividend paid to shareholders of the Company	(103,124)	(102,906)	(226,666)	(209,259)
Dividend paid to minority shareholders of subsidiaries	(5,400)	(5,376)	(5,735)	(5,822)
Net cash outflow from financing activities	(291,215)	(204,152)	(425,115)	(385,873)
Net (decrease)/increase in cash and cash equivalents	(378,870)	494,086	(378,245)	1,185,746
Cash and cash equivalents at beginning of period	2,054,657	1,432,137	2,054,032	740,477
Cash and cash equivalents at end of period	1,675,787	1,926,223	1,675,787	1,926,223

NOTES TO CONSOLIDATED CASH FLOW STATEMENT:

3a. Cash and cash equivalents

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

	30-Sep-2009	30-Sep-2008
	\$'000	\$'000
Fixed deposits	1,406,298	1,605,260
Bank balances and cash	269,489	329,503
Bank overdraft	-	(8,540)
	<u>1,675,787</u>	<u>1,926,223</u>

3b. Explanatory Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for 9M 2009 was \$107.0 million. The operating cash flow was mainly contributed by the operating margins from rig building, offshore and conversion projects and the completion of rig building projects in 9M 2009. The decrease in cash inflow from operating activities from \$1.6 billion in 9M 2008 to \$107.0 million in 9M 2009 was mainly due to receipts from more ongoing and completed projects in 9M 2008 as compared to 9M 2009 arising from collections in accordance with the agreed projects payment terms.

Net cash outflow from investing activities for 9M 2009 was \$60.2 million. The Group spent \$50.7 million in 9M 2009 on expansion and operational capital expenditures and \$13.4 million on acquisition of minority interest in 1Q 2009.

Net cash outflow from financing activities for 9M 2009 was \$425.1 million. It relates mainly to repayment of bank borrowings and dividend paid.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

<u>GROUP</u>	Attributable to shareholders of the Company							Minority 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		
1H 2009									
At 1 January 2009	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959
Dividend paid to									
- Company's shareholders	-	-	-	-	-	(123,542)	(123,542)	-	(123,542)
- minority shareholder	-	-	-	-	-	-	-	(335)	(335)
Issuance of treasury shares	-	13,396	-	-	(12,354)	-	1,042	-	1,042
Cost of share-based payment - charged to income statement	-	-	-	-	6,036	-	6,036	43	6,079
Acquisition of minority interest	-	-	-	-	-	-	-	(13,726)	(13,726)
Realisation of reserve upon liquidation of subsidiary	-	-	-	(368)	-	-	(368)	-	(368)
Total comprehensive income for the period	-	-	-	2,388	66,593	258,252	327,233	15,356	342,589
At 30 June 2009	443,347	(42,459)	14,084	(1,123)	23,830	1,090,707	1,528,386	43,312	1,571,698
3Q 2009									
Issuance of treasury shares	-	12,196	-	-	(6,078)	-	6,118	-	6,118
Dividend paid to									
- Company's shareholders	-	-	-	-	-	(103,124)	(103,124)	-	(103,124)
- minority shareholder	-	-	-	-	-	-	-	(5,400)	(5,400)
Cost of share-based payment - charged to income statement	-	-	-	-	3,069	-	3,069	21	3,090
Total comprehensive income for the period	-	-	-	(11,014)	29,368	144,618	162,972	7,761	170,733
At 30 September 2009	443,347	(30,263)	14,084	(12,137)	50,189	1,132,201	1,597,421	45,694	1,643,115

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

<u>GROUP</u>	Attributable to shareholders of the Company							Minority 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		
<u>1H 2008</u>									
At 1 January 2008	442,549	-	14,084	(18,304)	506,393	735,338	1,680,060	25,656	1,705,716
Issue of 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 income statement	-	-	-	-	5,977	-	5,977	46	6,023
Total comprehensive income for the period	-	-	-	(511)	(189,686)	219,592	29,395	7,241	36,636
At 30 June 2008	443,347	(34,788)	14,084	(18,815)	309,780	848,577	1,562,185	32,497	1,594,682
<u>3Q 2008</u>									
Purchase of treasury shares	-	(43,419)	-	-	-	-	(43,419)	-	(43,419)
Issuance of treasury shares	-	21,567	-	-	(14,166)	-	7,401	-	7,401
Issue of shares to minority shareholder	-	-	-	-	-	-	-	529	529
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 income statement	-	-	-	-	2,862	-	2,862	29	2,891
Total comprehensive income for the period	-	-	-	11,885	(252,411)	140,894	(99,632)	3,083	(96,549)
At 30 September 2008	443,347	(56,640)	14,084	(6,930)	46,065	886,565	1,326,491	30,762	1,357,253

4b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	<u>Share capital</u> \$'000	<u>Reserve for own shares</u> \$'000	<u>Capital reserves</u> \$'000	<u>Other reserves</u> \$'000	<u>Revenue reserve</u> \$'000	<u>Total Equity</u> \$'000
1H 2009						
At 1 January 2009	443,347	(55,855)	960	55,271	482,078	925,801
Issuance of treasury shares	-	13,396	-	(12,131)	-	1,265
Dividend paid to - Company's shareholders	-	-	-	-	(123,542)	(123,542)
Cost of share-based payment - charged to income statement - issued to employees of subsidiaries	-	-	-	1,449 4,730	-	1,449 4,730
Total comprehensive income for the period	-	-	-	18,334	63,672	82,006
At 30 June 2009	443,347	(42,459)	960	67,653	422,208	891,709
3Q 2009						
Issuance of treasury shares	-	12,196	-	(6,024)	-	6,172
Dividend paid to - Company's shareholders	-	-	-	-	(103,124)	(103,124)
Cost of share-based payment - charged to income statement - issued to employees of subsidiaries	-	-	-	724 2,370	-	724 2,370
Total comprehensive income for the period	-	-	-	(3,427)	96,357	92,930
At 30 September 2009	443,347	(30,263)	960	61,296	415,441	890,781
1H 2008						
At 1 January 2008	442,549	-	960	347,065	546,459	1,337,033
Issue of 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 income statement - issued to employees of subsidiaries	-	-	-	1,432 4,415	-	1,432 4,415
Total comprehensive income for the period	-	-	-	(147,726)	56,525	(91,201)
At 30 June 2008	443,347	(34,788)	960	192,653	496,631	1,098,803
3Q 2008						
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 income statement - issued to employees of subsidiaries	-	-	-	859 2,186	-	859 2,186
Total comprehensive income for the period	-	-	-	(97,586)	48,757	(48,829)
At 30 September 2008	443,347	(56,640)	960	84,150	442,482	914,299

4c. Changes in the Company's share capital

Issued and Paid Up Capital

As at 30 September 2009, the Company's issued and paid up capital, excluding treasury shares comprises 2,062,949,118 (31 December 2008: 2,055,827,103) ordinary shares.

Share Options

During 3Q 2009, the Company issued 3,181,481 ordinary shares upon the exercise of the options under the Company's Share Option Plan ("SOP") by way of issuance of treasury shares (3Q 2008: 5,928,296 ordinary shares issued by way of issuance of treasury shares).

As at 30 September 2009, there were 21,574,786 (30 September 2008: 26,316,319) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 3Q 2009, there was no (3Q 2008: 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 to be achieved, but not released as at 30 September 2009 was 2,315,000 (30 September 2008: 2,610,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,472,500 (30 September 2008: 3,915,000) performance shares.

Restricted Shares

During 3Q 2009, there was no (3Q 2008: Nil) restricted share granted conditionally under the Company's Restricted Stock Plan ("RSP"). No (3Q 2008: Nil) restricted share was vested and 108,979 (3Q 2008: 53,446) restricted shares lapsed.

The Company released a total of 212,425 (3Q 2008: Nil) restricted shares during 3Q 2009 to the participants.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 September 2009, was 10,483,557 (30 September 2008: 8,799,975). 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 September 2009 was 6,726,130 (30 September 2008: 7,452,066). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,089,195 (30 September 2008: 10,379,486) restricted shares.

Treasury Shares

During 3Q 2009, the Company made no (3Q 2008: Nil) purchases of its ordinary shares.

The Company issued 3,393,906 (3Q 2008: 5,928,296) treasury shares during 3Q 2009 pursuant to the SOP, PSP and RSP.

As at 30 September 2009, 8,422,352 (30 September 2008: 15,762,542) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

5. AUDIT

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

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

Except as disclosed in paragraph 8 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2008.

8. CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2009, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 1 (revised 2008)	Presentation of Financial Statements
FRS 23 (revised 2007)	Borrowing Costs
FRS 108	Operating Segments
Amendments to FRS 107	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

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

9. REVIEW OF GROUP PERFORMANCE

Group Overview

3Q 2009 versus 3Q 2008

	3Q 2009	3Q 2008	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	910.7	631.4	279.3	44.2
Offshore and Conversion	426.5	285.2	141.3	49.5
Repair	176.5	210.7	(34.2)	(16.2)
Other Activities	6.7	16.9	(10.2)	(60.4)
Group Turnover	1,520.4	1,144.2	376.2	32.9

Group turnover for 3Q 2009 increased by 32.9% to \$1,520.4 million from \$1,144.2 million in 3Q 2008.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 22.4% to \$174.0 million in 3Q 2009 from \$142.1 million in 3Q 2008.

Group pre-tax profit increased by 0.9% to \$182.6 million from \$180.9 million in 3Q 2008. The increase is mainly attributable to higher operating margins from rig building projects, offset by substantially lower contribution from Cosco Shipyard Group Co. Ltd.

Group Profit Attributable to Members of the Company

Group attributable profit for 3Q 2009 increased by 2.6% to \$144.6 million from \$140.9 million in 3Q 2008.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

Group Overview

9M 2009 versus 9M 2008

	9M 2009	9M 2008	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	2,700.4	1,976.8	723.6	36.6
Offshore and Conversion	1,108.0	820.2	287.8	35.1
Repair	545.4	593.6	(48.2)	(8.1)
Shipbuilding	-	2.0	(2.0)	n.m.
Other Activities	27.7	53.9	(26.2)	(48.6)
Group Turnover	4,381.5	3,446.5	935.0	27.1

Group turnover for 9M 2009 increased by 27.1% to \$4,381.5 million from \$3,446.5 million in 9M 2008.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 42.7% to \$475.3 million in 9M 2009 from \$333.1 million in 9M 2008.

Group pre-tax profit increased by 12.3% to \$512.8 million from \$456.8 million in 9M 2008. The increase is mainly attributable to higher operating margins from rig building and offshore and conversion projects, offset by substantially lower contribution from Cosco Shipyard Group Co. Ltd.

Group Profit Attributable to Members of the Company

Group attributable profit for 9M 2009 increased by 11.8% to \$402.9 million from \$360.5 million in 9M 2008.

10. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

11. PROSPECTS

The Group has a net order book of S\$6.7 billion comprising rig building, ship conversion and offshore projects. This includes the S\$1.12 billion in new orders secured in the first half of 2009. These secured projects will provide a ready base-load of work and keep the Group's shipyards busy with progressive completion and deliveries from 4Q 2009 until 2012.

With the world economy showing some signs of recovery in the third quarter of 2009, driven largely by Asia, the demand for energy is expected to grow. Fundamentals for the offshore oil and gas sector remain intact with prices of oil stabilising within the US\$70 to US\$80 a barrel range. The long-term fundamentals driving deepwater exploration and production activities are expected to continue in order to replenish declining oil and gas reserves and to increase production to meet growing energy demand.

The ship repair business is expected to remain reasonably good for the rest of 2009 with the big docks well booked and the strong support provided by the Group's Alliance/FCC and regular customers. Singapore's strategic location and its reputation as an international maritime centre, coupled with the Group's strategic alliances and partnership fostered with long-term customers, will provide a stable base-load for the Group's ship repair sector.

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

No dividend is declared for the quarter ended 30 September 2009.

13. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: 9M 2009					
Turnover					
Sales to external parties	4,366,111	-	15,412	-	4,381,523
Inter-segment sales	-	-	107,521	(107,521)	-
Consolidated sales	4,366,111	-	122,933	(107,521)	4,381,523
Results					
Segment results	470,457	(53)	4,915	-	475,319
Dividend and interest income	14,495	-	15	-	14,510
Finance costs	(4,968)	-	-	-	(4,968)
Non-operating income	368	-	-	-	368
Non-operating expenses	(7,536)	-	-	-	(7,536)
Share of results of associates & joint ventures	27,904	7,162	28	-	35,094
Profit before income tax expense	500,720	7,109	4,958	-	512,787
Income tax expense	(86,644)	(1,232)	(706)	-	(88,582)
Profit for the period	414,076	5,877	4,252	-	424,205
Other information					
Capital expenditure	50,687	-	13,429	-	64,116
Depreciation	52,696	-	928	-	53,624
Amortisation	55	-	-	-	55
Other segment assets					
Interest bearing assets	1,437,162	-	24,112	-	1,461,274
Investments in associates & joint ventures	267,417	26,117	536	-	294,070
Deferred tax assets	-	-	59	-	59
Tax recoverable	2,616	-	-	-	2,616
Total segment assets	4,761,527	41,791	49,720	-	4,853,038
Other segment liabilities					
Interest bearing liabilities	2,900,117	9	19,630	-	2,919,756
Deferred tax liabilities	25,900	-	-	-	25,900
Provision for taxation	69,235	-	599	-	69,834
Provision for taxation	192,485	525	1,423	-	194,433
Total segment liabilities	3,187,737	534	21,652	-	3,209,923

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

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: 9M 2008					
Turnover					
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
Results					
Segment results	326,404	(16)	6,679	-	333,067
Dividend and interest income	25,679	-	(8)	-	25,671
Finance costs	(9,773)	-	-	-	(9,773)
Share of results of associates & joint ventures	100,471	7,341	26	-	107,838
Profit before income tax expense	442,781	7,325	6,697	-	456,803
Income tax expense	(80,368)	(1,314)	(1,286)	-	(82,968)
Profit for the period	362,413	6,011	5,411	-	373,835
Other information					
Capital expenditure	68,159	-	4,780	-	72,939
Depreciation	48,970	-	922	-	49,892
Amortisation	1,193	-	-	-	1,193
Other segment assets					
Interest bearing assets	1,852,441	-	16,904	-	1,869,345
Investments in associates & joint ventures	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
Other segment liabilities					
Interest bearing liabilities	367,297	-	1	-	367,298
Deferred tax liabilities	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

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

13. SEGMENTAL REPORTING (Cont'd)

(ii) *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	Total \$'000
9M 2009					
Revenue from external customers	614,291	1,490,542	1,706,579	570,111	4,381,523
Total segment assets	4,441,390	403,533	-	8,115	4,853,038
Capital expenditure	60,222	3,813	-	81	64,116
9M 2008					
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

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 2009 \$'000	9M 2008 \$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines Ltd and its associates	-	10,152
PSA International Pte Ltd and its associates	3,856	1,435
Transaction for the Purchase of Goods and Services		
PSA International Pte Ltd and its associates	-	4,780
Sembcorp Industries Limited and its associates	21,341	25,539
Management and Support Services		
Sembcorp Industries Limited	188	188
Total Interested Person Transactions	25,385	42,094

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 30 September 2009 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

4 November 2009