



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

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 2010.

**1. CONSOLIDATED INCOME STATEMENT**

	Note	Group			Group		
		3Q 2010 \$'000	3Q 2009 \$'000	+ / (-) %	9M 2010 \$'000	9M 2009 \$'000	+ / (-) %
<b>Turnover</b>	<b>1.1a</b>	<b>1,114,651</b>	<b>1,520,411</b>	<b>(26.7)</b>	<b>3,571,977</b>	<b>4,381,523</b>	<b>(18.5)</b>
Cost of sales		(782,510)	(1,313,793)	(40.4)	(2,811,339)	(3,835,731)	(26.7)
<b>Gross profit</b>	<b>1.1b</b>	<b>332,141</b>	<b>206,618</b>	<b>60.8</b>	<b>760,638</b>	<b>545,792</b>	<b>39.4</b>
Other operating income	1.1c	614	5,221	(88.2)	12,658	13,647	(7.2)
Other operating expenses	1.1c	(16,347)	(5,665)	188.6	(35,458)	(7,435)	376.9
General and administrative expenses	1.1d	(33,538)	(32,189)	4.2	(93,081)	(76,685)	21.4
<b>Operating profit</b>		<b>282,870</b>	<b>173,985</b>	<b>62.6</b>	<b>644,757</b>	<b>475,319</b>	<b>35.6</b>
Dividend and interest income		6,092	2,380	156.0	29,888	14,510	106.0
Finance costs		(1,697)	(1,451)	17.0	(4,410)	(4,968)	(11.2)
Foreign exchange transactions	1.1e	52,640	-	n.m.	52,640	-	n.m.
Non-operating income		-	-	-	-	368	n.m.
Non-operating expenses		-	-	-	-	(7,536)	n.m.
Share of results of associates and joint ventures	1.1f	14,743	7,724	90.9	41,442	35,094	18.1
<b>Profit before income tax expense</b>	<b>1.2</b>	<b>354,648</b>	<b>182,638</b>	<b>94.2</b>	<b>764,317</b>	<b>512,787</b>	<b>49.1</b>
Income tax expense	1.3	(52,425)	(31,062)	68.8	(127,006)	(88,582)	43.4
<b>Profit for the period</b>		<b>302,223</b>	<b>151,576</b>	<b>99.4</b>	<b>637,311</b>	<b>424,205</b>	<b>50.2</b>
Attributable to:							
<b>Shareholders of the Company</b>		<b>295,965</b>	<b>144,618</b>	<b>104.7</b>	<b>620,903</b>	<b>402,870</b>	<b>54.1</b>
Non-controlling interests	1.4	6,258	6,958	(10.1)	16,408	21,335	(23.1)
		<b>302,223</b>	<b>151,576</b>	<b>99.4</b>	<b>637,311</b>	<b>424,205</b>	<b>50.2</b>
<b>Earnings per share (cents)</b>	<b>1.5</b>						
Basic		14.29	7.02	103.6	30.01	19.58	53.3
Diluted		14.25	7.01	103.3	29.91	19.54	53.1

## NOTES TO CONSOLIDATED INCOME STATEMENT:

### **1.1a Turnover**

Group turnover decreased in 3Q 2010 mainly due to the Group achieving lower value of initial percentage of completion ("POC") revenue recognition for rig building and offshore and conversion projects.

For 9M 2010, lower Group turnover was mainly due to rig building as well as offshore and conversion projects achieving lower POC revenue recognition as compared to 9M 2009. There was also higher variation order settlement for offshore contracts in 9M 2009.

### **1.1b Gross profit**

Gross profit was higher in 3Q 2010 and 9M 2010 primarily due to resumption of margin recognition for a rig building project upon securing a buyer as well as execution of projects ahead of schedule and achieving better margins for rig building, offshore and conversion projects through higher productivity.

### **1.1c Other operating income/(expenses)**

	Note	Group			Group		
		3Q 2010	3Q 2009	+ / (-)	9M 2010	9M 2009	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange loss, net	1.2d	(16,182)	(5,540)	192.1	(34,771)	(6,754)	414.8
Fair value adjustment on hedging instruments	1.2e	(1,173)	829	n.m.	4,796	1,376	248.5
Other income	1.2f	1,787	4,392	(59.3)	7,862	12,271	(35.9)
Other expenses		<u>(165)</u>	<u>(125)</u>	32.0	<u>(687)</u>	<u>(681)</u>	0.9
		<u>(15,733)</u>	<u>(444)</u>	n.m.	<u>(22,800)</u>	<u>6,212</u>	n.m.

*Disclosed in Consolidated Income Statement as follows:*

Other operating income		614	5,221	(88.2)	12,658	13,647	(7.2)
Other operating expenses		<u>(16,347)</u>	<u>(5,665)</u>	188.6	<u>(35,458)</u>	<u>(7,435)</u>	376.9
		<u>(15,733)</u>	<u>(444)</u>	n.m.	<u>(22,800)</u>	<u>6,212</u>	n.m.

n.m. : not meaningful

### **1.1d General and administrative expenses**

The higher general and administrative expenses are mainly due to provision of bonus.

### **1.1e Foreign exchange transactions**

The Company's subsidiary, Jurong Shipyard Pte Ltd ("JSPL") has reached an agreement, strictly on a commercial basis with Societe Generale ("SG") for a full and final amicable settlement of the disputed foreign exchange transactions.

Arising from this settlement, SG had made a payment of US\$40 million (S\$52.64 million) to JSPL on the basis that there is no admission of liability by either party and had resulted in a write-back of S\$52.64 million in the consolidated income statement.

### **1.1f Share of results of associates and joint ventures**

Increases in the share of results of associates and joint ventures in 3Q 2010 are mainly due to higher contribution from Cosco Shipyard Group Co. Ltd.



#### 1.4. Non-controlling interests

On 15 May 2010, the Company commenced proceedings in the High Court of Singapore against PPL Holdings Pte Ltd and its wholly owned subsidiary E-Interface Holdings Limited to seek the transfer the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. Pending the outcome of the Court's decision, we have continued to consolidate the Company's 85 per cent interest in PPLS and separately accounted for the 15 per cent as a "non-controlling interest".

#### 1.5. 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 2010	3Q 2009	+ / (-) %	9M 2010	9M 2009	+ / (-) %
(i) Based on the weighted average number of shares (cents)	14.29	7.02	103.6	30.01	19.58	53.3
Weighted average number of shares	2,075,274,083	2,060,092,980	0.7	2,069,316,595	2,057,428,549	0.6
(ii) On a fully diluted basis (cents)	14.25	7.01	103.3	29.91	19.54	53.1
Adjusted weighted average number of shares	2,081,678,083	2,064,036,980	0.9	2,075,720,595	2,061,372,549	0.7

#### 1.6. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Group	
	3Q 2010 \$'000	3Q 2009 \$'000	9M 2010 \$'000	9M 2009 \$'000
<b>Profit for the period</b>	<b>302,223</b>	<b>151,576</b>	<b>637,311</b>	<b>424,205</b>
Foreign currency translation differences	(24,342)	(11,982)	(20,074)	(9,624)
Net fair value changes of cash flow hedges	48,809	36,780	47,085	61,708
Net fair value changes of cash flow hedges transferred to income statement	-	(569)	-	7,315
Net fair value changes of available-for-sale financial assets	26,051	(5,072)	72,902	22,182
Net fair value changes of available-for-sale financial assets transferred to income statement on impairment	-	-	-	7,536
Other comprehensive income for the period	50,518	19,157	99,913	89,117
<b>Total comprehensive income for the period</b>	<b>352,741</b>	<b>170,733</b>	<b>737,224</b>	<b>513,322</b>
<b>Attributable to:</b>				
Shareholders of the Company	349,387	162,972	723,915	490,205
Non-controlling interests	3,354	7,761	13,309	23,117
<b>Total comprehensive income for the period</b>	<b>352,741</b>	<b>170,733</b>	<b>737,224</b>	<b>513,322</b>

## 2. BALANCE SHEETS

	Group		Company	
	30-Sep-2010 \$'000	31-Dec-2009 \$'000	30-Sep-2010 \$'000	31-Dec-2009 \$'000
<b>Non-current Assets</b>				
Property, plant and equipment	669,465	678,361	124,022	107,584
Investment properties	-	-	46,389	51,360
Investment in subsidiaries	-	-	542,246	629,076
Investment in associates and joint ventures	297,173	267,774	107,369	107,369
Other long-term investments	249,652	165,783	173,660	113,377
Long-term derivative financial assets	19,699	181	-	-
Long-term trade receivables	12,107	14,701	12,073	14,505
Long-term other receivables	36,414	36,733	62,707	65,702
Intangible assets	6,127	6,127	122	122
Deferred tax assets	47	47	-	-
<b>Total Non-current Assets</b>	<b>1,290,684</b>	<b>1,169,707</b>	<b>1,068,588</b>	<b>1,089,095</b>
<b>Current Assets</b>				
Inventories and work-in-progress	729,872	1,252,500	-	-
Trade receivables	205,019	228,881	17,073	30,404
Other receivables, deposits and prepayments	44,625	55,308	7,343	9,142
Derivative financial assets	25,564	2,604	-	-
Fixed deposits	2,192,009	1,638,158	111,024	-
Bank balances and cash	333,575	340,390	10,668	15,846
<b>Total Current Assets</b>	<b>3,530,664</b>	<b>3,517,841</b>	<b>146,108</b>	<b>55,392</b>
<b>Current Liabilities</b>				
Trade payables	1,421,625	1,565,550	30,884	33,117
Other payables	19,091	26,682	72,256	45,561
Provisions	72,189	60,601	-	-
Progress billings in excess of work-in-progress	544,502	696,031	-	-
Interest-bearing borrowings	11,088	12,000	-	-
Derivative financial liabilities	217	21,200	-	-
Provision for taxation	241,163	253,218	296	1,017
<b>Total Current Liabilities</b>	<b>2,309,875</b>	<b>2,635,282</b>	<b>103,436</b>	<b>79,695</b>
<b>Net Current Assets/(Liabilities)</b>	<b>1,220,789</b>	<b>882,559</b>	<b>42,672</b>	<b>(24,303)</b>
<b>Total Assets less Current Liabilities</b>	<b>2,511,473</b>	<b>2,052,266</b>	<b>1,111,260</b>	<b>1,064,792</b>
<b>Non-current Liabilities</b>				
Long-term interest-bearing borrowings	-	8,000	-	-
Long-term derivative financial liabilities	-	10,912	-	-
Deferred tax liabilities	88,434	66,748	41,775	34,873
Long-term other payables	891	-	33,000	32,987
Other provisions	30,877	6,198	27,895	2,895
<b>Total Non-current Liabilities</b>	<b>120,202</b>	<b>91,858</b>	<b>102,670</b>	<b>70,755</b>
	<b>2,391,271</b>	<b>1,960,408</b>	<b>1,008,590</b>	<b>994,037</b>
<b>Capital &amp; Reserves</b>				
Share capital	453,012	443,347	453,012	443,347
Reserves	1,865,826	1,440,723	555,578	550,690
	<b>2,318,838</b>	<b>1,884,070</b>	<b>1,008,590</b>	<b>994,037</b>
Non-controlling interests	72,433	76,338	-	-
	<b>2,391,271</b>	<b>1,960,408</b>	<b>1,008,590</b>	<b>994,037</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-2010		As at 31-Dec-2009	
Secured	Unsecured	Secured	Unsecured
11,000,000	88,000	12,000,000	-

#### Amount repayable after one year

As at 30-Sep-2010		As at 31-Dec-2009	
Secured	Unsecured	Secured	Unsecured
-	-	8,000,000	-

#### Details of Collateral

Borrowing amounting to \$11,000,000 (31 December 2009: \$20,000,000) is secured on corporate guarantee from a subsidiary.

### 2b. Net asset value

	Group			Company		
	Sep-2010	Dec-2009	+ / (-) %	Sep-2010	Dec-2009	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	111.69	91.27	22.4	48.58	48.15	0.9

### 2c. Explanatory Notes to Balance Sheets

#### (i) Group

##### **Inventories and work-in-progress and Fixed deposits**

'Inventories and work-in-progress' decreased significantly and 'Fixed deposits' increased significantly mainly due to receipts from completed rig building projects.

##### **Trade payables**

'Trade payables' decreased mainly due to payments made.

##### **Progress billings in excess of work-in-progress**

'Progress billings in excess of work-in-progress' decreased mainly due to completion of rig building and offshore and conversion projects.

#### (ii) Company

##### **Investment in subsidiaries and Fixed deposits**

'Investment in subsidiaries' decreased and 'Fixed deposits' increased significantly mainly due to the redemption of preference shares by a subsidiary.

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

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

### 3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	3Q 2010	3Q 2009	9M 2010	9M 2009
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
<b>Operating profit</b>	<b>282,870</b>	<b>173,985</b>	<b>644,757</b>	<b>475,319</b>
Adjustments for:				
Depreciation of property, plant and equipment, net	20,682	18,026	62,353	53,624
Impairment loss on property, plant and equipment	-	624	-	624
Loss/(gain) on disposal of property, plant and equipment, net	29	(43)	(176)	(111)
Property, plant and equipment written off	48	371	182	375
Share-based payment expenses	4,502	3,774	13,093	7,281
Fair value adjustment on hedging instruments	1,173	(829)	(4,796)	(1,376)
Amortisation	-	18	-	55
Negative goodwill	-	-	-	(298)
Operating profit before working capital changes	309,304	195,926	715,413	535,493
Changes in working capital:				
Decrease/(increase) in inventories and work-in-progress	56,758	(140,156)	371,099	(386,111)
(Increase)/decrease in receivables	(30,938)	15,936	36,861	(150,745)
(Decrease)/increase in payables	(74,747)	(130,284)	(168,734)	151,945
<b>Cash generated from/(used in) operations</b>	<b>260,377</b>	<b>(58,578)</b>	<b>954,639</b>	<b>150,582</b>
Investment and interest income received	6,012	2,983	29,792	14,900
Interest paid	(811)	(2,835)	(2,551)	(6,556)
Income tax paid	(49,981)	(17,913)	(130,711)	(51,890)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>215,597</b>	<b>(76,343)</b>	<b>851,169</b>	<b>107,036</b>
Net receipt from bank relating to foreign exchange transactions	52,640	-	52,640	-
	<u>268,237</u>	<u>(76,343)</u>	<u>903,809</u>	<u>107,036</u>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(15,457)	(12,922)	(32,501)	(50,656)
Proceeds from sale of property, plant and equipment	756	1,610	964	3,689
Investment in joint venture	(1,166)	-	(1,166)	-
Dividend from associate	-	-	-	261
Acquisition of non-controlling interest	-	-	-	(13,428)
Cash paid to non-controlling interest upon liquidation of a subsidiary	-	-	(542)	-
Purchase of other investment	-	-	-	(32)
<b>Net cash outflow from investing activities</b>	<b>(15,867)</b>	<b>(11,312)</b>	<b>(33,245)</b>	<b>(60,166)</b>
<b>Cash flows from financing activities:</b>				
Payments on finance leases	-	(242)	-	(858)
Repayment of borrowings	(5,136)	(190,876)	(11,136)	(644,873)
Proceeds from borrowings	2,030	2,255	2,224	445,580
Proceeds from ESOS exercised	1,471	6,172	13,151	7,437
Dividend paid to shareholders of the Company	(103,795)	(103,124)	(311,271)	(226,666)
Dividend paid to non-controlling shareholders of subsidiaries	-	(5,400)	(16,496)	(5,735)
<b>Net cash outflow from financing activities</b>	<b>(105,430)</b>	<b>(291,215)</b>	<b>(323,528)</b>	<b>(425,115)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>146,940</b>	<b>(378,870)</b>	<b>547,036</b>	<b>(378,245)</b>
Cash and cash equivalents at beginning of period	2,378,644	2,054,657	1,978,548	2,054,032
<b>Cash and cash equivalents at end of period</b>	<b><u>2,525,584</u></b>	<b><u>1,675,787</u></b>	<b><u>2,525,584</u></b>	<b><u>1,675,787</u></b>



## 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-2010 \$'000	30-Sep-2009 \$'000
Fixed deposits	2,192,009	1,406,298
Bank balances and cash	333,575	269,489
	<u>2,525,584</u>	<u>1,675,787</u>

### 3b. Explanatory Notes to Consolidated Cash Flow Statement

Cash flows from operating activities before changes in working capital increased from \$535.5 million in 9M 2009 to \$715.4 million in 9M 2010. Net cash inflow from operating activities for 9M 2010 increased to \$851.2 million was mainly due to operating profit and receipts from ongoing and completed projects.

Net cash outflow from investing activities for 9M 2010 was \$33.2 million. The Group spent \$32.5 million on expansion and operational capital expenditures in 9M 2010.

Net cash outflow from financing activities for 9M 2010 was \$323.5 million. It relates mainly to dividends paid.

#### 4. STATEMENTS OF CHANGES IN EQUITY

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

GROUP	Attributable to shareholders 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>1H 2010</b>										
<b>At 1 January 2010</b>	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408	
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	-	324,938	324,938	10,150	335,088	
<b>Other comprehensive income</b>										
Foreign currency translation differences	-	-	-	3,831	-	-	3,831	437	4,268	
Net fair value changes of cash flow hedges	-	-	-	-	(1,092)	-	(1,092)	(632)	(1,724)	
Net fair value changes of available-for-sale financial assets	-	-	-	-	46,851	-	46,851	-	46,851	
Total other comprehensive income	-	-	-	3,831	45,759	-	49,590	(195)	49,395	
<b>Total comprehensive income</b>	-	-	-	3,831	45,759	324,938	374,528	9,955	384,483	
<b>Transactions with equity holders, recorded directly in equity</b>										
Issuance of new shares	7,797	-	-	-	(97)	-	7,700	-	7,700	
Issuance of treasury shares	-	25,449	-	-	(21,826)	-	3,623	-	3,623	
Dividend paid	-	-	-	-	-	(207,476)	(207,476)	(16,496)	(223,972)	
Cost of share-based payment - charged to income statement	-	-	-	-	6,138	-	6,138	-	6,138	
Transfer from revenue reserve to capital reserves by associate	-	-	257	-	-	(257)	-	-	-	
Realisation of reserve upon liquidation of a subsidiary	-	-	-	-	-	-	-	(718)	(718)	
<b>Total transactions with equity holders</b>	7,797	25,449	257	-	(15,785)	(207,733)	(190,015)	(17,214)	(207,229)	
<b>At 30 June 2010</b>	451,144	-	25,582	(26,643)	83,087	1,535,413	2,068,583	69,079	2,137,662	
<b>3Q 2010</b>										
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	-	295,965	295,965	6,258	302,223	
<b>Other comprehensive income</b>										
Foreign currency translation differences	-	-	-	(21,439)	-	-	(21,439)	(2,903)	(24,342)	
Net fair value changes of cash flow hedges	-	-	-	-	48,810	-	48,810	(1)	48,809	
Net fair value changes of available-for-sale financial assets	-	-	-	-	26,051	-	26,051	-	26,051	
Total other comprehensive income	-	-	-	(21,439)	74,861	-	53,422	(2,904)	50,518	
<b>Total comprehensive income</b>	-	-	-	(21,439)	74,861	295,965	349,387	3,354	352,741	
<b>Transactions with equity holders, recorded directly in equity</b>										
Issuance of new shares	1,868	-	-	-	(397)	-	1,471	-	1,471	
Issuance of treasury shares	-	-	-	-	(108)	-	(108)	-	(108)	
Dividend paid	-	-	-	-	-	(103,795)	(103,795)	-	(103,795)	
Cost of share-based payment - charged to income statement	-	-	-	-	3,300	-	3,300	-	3,300	
Transfer from revenue reserve to capital reserves by associate	-	-	(8)	-	-	8	-	-	-	
<b>Total transactions with equity holders</b>	1,868	-	(8)	-	2,795	(103,787)	(99,132)	-	(99,132)	
<b>At 30 September 2010</b>	453,012	-	25,574	(48,082)	160,743	1,727,591	2,318,838	72,433	2,391,271	

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

GROUP	Attributable to shareholders 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		
<b>1H 2009</b>									
<b>At 1 January 2009</b>	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	258,252	258,252	14,377	272,629
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	2,388	-	-	2,388	(30)	2,358
Net fair value changes of cash flow hedges	-	-	-	-	23,919	-	23,919	1,009	24,928
Net fair value changes of cash flow hedges transferred to income statement	-	-	-	-	7,884	-	7,884	-	7,884
Net fair value changes of available-for-sale financial assets	-	-	-	-	27,254	-	27,254	-	27,254
Net fair value changes of available-for-sale financial assets transferred to income statement on impairment	-	-	-	-	7,536	-	7,536	-	7,536
Total other comprehensive income	-	-	-	2,388	66,593	-	68,981	979	69,960
<b>Total comprehensive income</b>	-	-	-	2,388	66,593	258,252	327,233	15,356	342,589
<b>Transactions with equity holders, recorded directly in equity</b>									
Issuance of treasury shares	-	13,396	-	-	(12,354)	-	1,042	-	1,042
Dividend paid	-	-	-	-	-	(123,542)	(123,542)	(335)	(123,877)
Cost of share-based payment - charged to income statement	-	-	-	-	6,036	-	6,036	43	6,079
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(13,726)	(13,726)
Realisation of reserve upon liquidation of subsidiary	-	-	-	(368)	-	-	(368)	-	(368)
<b>Total transactions with equity holders</b>	-	13,396	-	(368)	(6,318)	(123,542)	(116,832)	(14,018)	(130,850)
<b>At 30 June 2009</b>	443,347	(42,459)	14,084	(1,123)	23,830	1,090,707	1,528,386	43,312	1,571,698
<b>3Q 2009</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	144,618	144,618	6,958	151,576
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	(11,014)	-	-	(11,014)	(968)	(11,982)
Net fair value changes of cash flow hedges	-	-	-	-	35,009	-	35,009	1,771	36,780
Net fair value changes of cash flow hedges transferred to income statement	-	-	-	-	(569)	-	(569)	-	(569)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(5,072)	-	(5,072)	-	(5,072)
Total other comprehensive income	-	-	-	(11,014)	29,368	-	18,354	803	19,157
<b>Total comprehensive income</b>	-	-	-	(11,014)	29,368	144,618	162,972	7,761	170,733
<b>Transactions with equity holders, recorded directly in equity</b>									
Issuance of treasury shares	-	12,196	-	-	(6,078)	-	6,118	-	6,118
Dividend paid	-	-	-	-	-	(103,124)	(103,124)	(5,400)	(108,524)
Cost of share-based payment - charged to income statement	-	-	-	-	3,069	-	3,069	21	3,090
<b>Total transactions with equity holders</b>	-	12,196	-	-	(3,009)	(103,124)	(93,937)	(5,379)	(99,316)
<b>At 30 September 2009</b>	443,347	(30,263)	14,084	(12,137)	50,189	1,132,201	1,597,421	45,694	1,643,115

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

<u>COMPANY</u>	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1H 2010</b>						
<b>At 1 January 2010</b>	443,347	(25,449)	960	64,541	510,638	994,037
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	125,091	125,091
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	41,720	-	41,720
Total other comprehensive income	-	-	-	41,720	-	41,720
<b>Total comprehensive income</b>	-	-	-	41,720	125,091	166,811
<b>Transactions with equity holders, recorded directly in equity</b>						
Issuance of new shares	7,797	-	-	(97)	-	7,700
Issuance of treasury shares	-	25,449	-	(21,469)	-	3,980
Dividend paid	-	-	-	-	(207,476)	(207,476)
Cost of share-based payment						
- charged to income statement	-	-	-	1,286	-	1,286
- issued to employees of subsidiaries	-	-	-	1,722	-	1,722
<b>Total transactions with equity holders</b>	7,797	25,449	-	(18,558)	(207,476)	(192,788)
<b>At 30 June 2010</b>	451,144	-	960	87,703	428,253	968,060
<b>3Q 2010</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	124,741	124,741
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	11,661	-	11,661
Total other comprehensive income	-	-	-	11,661	-	11,661
<b>Total comprehensive income</b>	-	-	-	11,661	124,741	136,402
<b>Transactions with equity holders, recorded directly in equity</b>						
Issuance of new shares	1,868	-	-	(397)	-	1,471
Dividend paid	-	-	-	-	(103,795)	(103,795)
Cost of share-based payment						
- charged to income statement	-	-	-	860	-	860
- issued to employees of subsidiaries	-	-	-	5,592	-	5,592
<b>Total transactions with equity holders</b>	1,868	-	-	6,055	(103,795)	(95,872)
<b>At 30 September 2010</b>	453,012	-	960	105,419	449,199	1,008,590

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

<u>COMPANY</u>	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1H 2009</b>						
<b>At 1 January 2009</b>	443,347	(55,855)	960	55,271	482,078	925,801
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	63,672	63,672
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	18,334	-	18,334
Total other comprehensive income	-	-	-	18,334	-	18,334
<b>Total comprehensive income</b>	-	-	-	18,334	63,672	82,006
<b>Transactions with equity holders, recorded directly in equity</b>						
Issuance of treasury shares	-	13,396	-	(12,131)	-	1,265
Dividend paid	-	-	-	-	(123,542)	(123,542)
Cost of share-based payment						
- charged to income statement	-	-	-	1,449	-	1,449
- issued to employees of subsidiaries	-	-	-	4,730	-	4,730
<b>Total transactions with equity holders</b>	-	13,396	-	(5,952)	(123,542)	(116,098)
<b>At 30 June 2009</b>	443,347	(42,459)	960	67,653	422,208	891,709
<b>3Q 2009</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	96,357	96,357
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	(3,427)	-	(3,427)
Total other comprehensive income	-	-	-	(3,427)	-	(3,427)
<b>Total comprehensive income</b>	-	-	-	(3,427)	96,357	92,930
<b>Transactions with equity holders, recorded directly in equity</b>						
Issuance of treasury shares	-	12,196	-	(6,024)	-	6,172
Dividend paid	-	-	-	-	(103,124)	(103,124)
Cost of share-based payment						
- charged to income statement	-	-	-	724	-	724
- issued to employees of subsidiaries	-	-	-	2,370	-	2,370
<b>Total transactions with equity holders</b>	-	12,196	-	(2,930)	(103,124)	(93,858)
<b>At 30 September 2009</b>	443,347	(30,263)	960	61,296	415,441	890,781

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

##### Issued and Paid Up Capital

During 3Q 2010, the Company issued 1,164,694 (3Q 2009: Nil) ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP") and upon the vesting of restricted shares under the Company's Restricted Stock Plan ("RSP").

As at 30 September 2010, the Company's issued and paid up capital, excluding treasury shares comprises 2,076,210,443 (31 December 2009: 2,064,288,925) ordinary shares.

##### Share Options

During 3Q 2010, 1,014,789 (3Q 2009: 3,181,481) share options under the SOP were exercised and settled by way of issuance of new shares (3Q 2009: settled by way of issuance of treasury shares).

As at 30 September 2010, there were 13,139,166 (30 September 2009: 21,574,786) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

##### Performance Shares

During 3Q 2010, no (3Q 2009: Nil) performance share 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 September 2010 was 1,970,000 (30 September 2009: 2,315,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,955,000 (30 September 2009: 3,472,500) performance shares.

##### Restricted Shares

During 3Q 2010, 149,905 (3Q 2009: Nil) restricted shares were released under the RSP and 121,388 (3Q 2009: 108,979) restricted shares lapsed.

In 3Q 2010, no (3Q 2009: Nil) restricted share was awarded.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 September 2010, was 11,445,079 (30 September 2009: 10,483,557). 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 2010 was 6,739,130 (30 September 2009: 6,726,130). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,108,695 (30 September 2009: 10,089,195) restricted shares.

##### Treasury Shares

During 3Q 2010, the Company did not issue (3Q 2009: 3,393,906) treasury shares pursuant to the SOP, PSP and RSP.

As at 30 September 2010, no (30 September 2009: 8,422,352) 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 2009.

## 8. CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2010, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 103 (revised)	Business Combinations
Improvements to FRSs 2009	
Amendments to FRS 102	Share-based Payment – Group Cash-settled Share-based Payment Transactions

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 2010 versus 3Q 2009

	3Q 2010	3Q 2009	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
<b>Rig Building</b>	768.2	910.7	(142.5)	(15.6)
<b>Offshore and Conversion</b>	150.8	426.5	(275.7)	(64.6)
<b>Repair</b>	189.0	176.5	12.5	7.1
<b>Other Activities</b>	6.7	6.7	-	-
<b>Group Turnover</b>	<b>1,114.7</b>	<b>1,520.4</b>	<b>(405.7)</b>	<b>(26.7)</b>

Group turnover for 3Q 2010 was lower at \$1,114.7 million from \$1,520.4 million in 3Q 2009 due to lesser number of rig building as well as offshore and conversion projects achieving initial percentage of completion revenue recognition.

### **Group Operating Profit**

Group operating profit increased by 62.6% to \$282.9 million in 3Q 2010 from \$174.0 million in 3Q 2009. This is mainly attributable to resumption of margin recognition for a rig building project upon securing a buyer as well as execution of projects ahead of schedule and achieving better margins for rig building, offshore and conversion projects through higher productivity.

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

### Group Profit before Income Tax Expense

Group profit before income tax expense increased by 94.2% to \$354.6 million from \$182.6 million in 3Q 2009 due to higher operating profit and receipt on the full and final amicable settlement of the disputed foreign exchange transactions with Societe Generale.

### Group Profit Attributable to Shareholders of the Company

Group attributable profit for 3Q 2010 increased by 104.7% to \$296.0 million from \$144.6 million in 3Q 2009.

### Group Overview

#### 9M 2010 versus 9M 2009

	9M 2010	9M 2009	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	2,392.1	2,700.4	(308.3)	(11.4)
Offshore and Conversion	668.5	1,108.0	(439.5)	(39.7)
Repair	488.1	545.4	(57.3)	(10.5)
Other Activities	23.3	27.7	(4.4)	(15.9)
<b>Group Turnover</b>	<b>3,572.0</b>	<b>4,381.5</b>	<b>(809.5)</b>	<b>(18.5)</b>

Group turnover for 9M 2010 was lower at \$3,572.0 million from \$4,381.5 million in 9M 2009 mainly due to rig building as well as offshore and conversion projects achieving lower percentage of completion revenue recognition. There was also higher variation order settlement for offshore contracts in 9M 2009.

### Group Operating Profit

Group operating profit increased by 35.6% to \$644.8 million in 9M 2010 from \$475.3 million in 9M 2009. The increase is mainly attributable to execution of projects ahead of schedule and achieving better margins for rig building, offshore and conversion projects through higher productivity as well as the resumption of margin recognition for a rig building project upon securing a buyer.

### Group Profit before Income Tax Expense

Group profit before income tax expense increased by 49.1% to \$764.3 million from \$512.8 million in 9M 2009 due to higher operating profit and receipt on the full and final amicable settlement of the disputed foreign exchange transactions with Societe Generale.

### Group Profit Attributable to Shareholders of the Company

Group attributable profit for 9M 2010 increased by 54.1% to \$620.9 million from \$402.9 million in 9M 2009.

## 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\$4.7 billion with completion and deliveries stretching till first quarter of 2013. This includes S\$2.3 billion in contract orders secured this year to-date. Contracts secured include the Ekofisk North Sea accommodation topside, the P-62 pre-FPSO conversion, incremental adjustment to CJ-70 harsh-environment jack-up drilling rig, 3 FPSO/FPU conversions, 2 Pacific Class 400 jack-up rigs and 2 Friede & Goldman JU2000E jack-up rigs.

Although worldwide economic recovery remains fragile and uneven across different regions, Asia continues to lead in steering the upturn. The fundamentals driving the oil and gas sector remain intact with oil prices having improved significantly from the trough level to around US\$80 per barrel.

The market for premium and high-specification jack-up rigs has improved in recent months with strong enquiries for such rigs. The Group has secured four firm orders for such high-specification premium rigs with options for another seven units. The long-term prospects for such jack-ups are strong, given the highly skewed age profile of the world's jack-up fleet with 70% of the fleet estimated to be older than 25 years by 2012.

With the recent lifting of the US Government moratorium on drilling in the Gulf of Mexico, market sentiments for deepwater drilling have turned positive. New regulations requiring operators to clear the new and higher bar for safety and environmental protection have been introduced, which includes stricter blowout preventor requirements and certification of each well by the operator's Chief Executive Officer. Although the certification processes have the immediate impact of slowing down drilling activities, for the mid to longer term, existing rigs that do not comply with such stringent standards will need to be upgraded and outfitted. New rig orders, in particular high-specification rigs, will be required to replace the aging fleet for drilling in deep waters.

While enquiries for jack-ups and floaters have improved, competition is very keen.

For ship repair, the market outlook continues to improve with the bigger docks well-booked into early next year. The Group has signed several long-term contracts with its customers, in particular in the niche segments for the repair, upgrading and life extension of LNG carriers and passenger/cruise vessels. These long-term customers will continue to 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 for the period ended 30 September 2010 is recommended.

### 13. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<i>(i) By business segment: 9M 2010</i>					
<b><u>Turnover</u></b>					
Sales to external parties	3,558,487	-	13,490	-	3,571,977
Inter-segment sales	-	-	63,821	(63,821)	-
<b>Total</b>	<b>3,558,487</b>	<b>-</b>	<b>77,311</b>	<b>(63,821)</b>	<b>3,571,977</b>
<b><u>Results</u></b>					
Segment results	643,900	(132)	989	-	644,757
Dividend and interest income	29,872	-	16	-	29,888
Finance costs	(4,410)	-	-	-	(4,410)
Foreign exchange transactions	52,640	-	-	-	52,640
Share of results of associates & joint ventures	38,813	2,600	29	-	41,442
Profit before income tax expense	760,815	2,468	1,034	-	764,317
Income tax expense	(126,046)	(451)	(509)	-	(127,006)
<b>Profit for the period</b>	<b>634,769</b>	<b>2,017</b>	<b>525</b>	<b>-</b>	<b>637,311</b>
<b><u>Assets</u></b>					
Segment assets	4,461,095	14,976	46,414	-	4,522,485
Investments in associates & joint ventures	267,053	29,560	560	-	297,173
Deferred tax assets	-	-	47	-	47
Tax recoverable	1,642	-	1	-	1,643
<b>Total assets</b>	<b>4,729,790</b>	<b>44,536</b>	<b>47,022</b>	<b>-</b>	<b>4,821,348</b>
<b><u>Liabilities</u></b>					
Segment liabilities	2,086,063	3	14,414	-	2,100,480
Deferred tax liabilities	87,957	-	477	-	88,434
Provision for taxation	239,475	525	1,163	-	241,163
<b>Total liabilities</b>	<b>2,413,495</b>	<b>528</b>	<b>16,054</b>	<b>-</b>	<b>2,430,077</b>
<b><u>Capital expenditure</u></b>	<b>59,542</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>59,558</b>
<b><u>Significant non-cash item</u></b>					
Depreciation	61,477	-	876	-	62,353

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

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<i>(i) By business segment: 9M 2009</i>					
<b>Turnover</b>					
Sales to external parties	4,366,111	-	15,412	-	4,381,523
Inter-segment sales	-	-	107,521	(107,521)	-
<b>Total</b>	<b>4,366,111</b>	<b>-</b>	<b>122,933</b>	<b>(107,521)</b>	<b>4,381,523</b>
<b>Results</b>					
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)
<b>Profit for the period</b>	<b>414,076</b>	<b>5,877</b>	<b>4,252</b>	<b>-</b>	<b>424,205</b>
<b>Assets</b>					
Segment assets	4,491,494	15,674	49,125	-	4,556,293
Investments in associates & joint ventures	267,417	26,117	536	-	294,070
Deferred tax assets	-	-	59	-	59
Tax recoverable	2,616	-	-	-	2,616
<b>Total assets</b>	<b>4,761,527</b>	<b>41,791</b>	<b>49,720</b>	<b>-</b>	<b>4,853,038</b>
<b>Liabilities</b>					
Segment liabilities	2,926,017	9	19,630	-	2,945,656
Deferred tax liabilities	69,235	-	599	-	69,834
Provision for taxation	192,485	525	1,423	-	194,433
<b>Total liabilities</b>	<b>3,187,737</b>	<b>534</b>	<b>21,652</b>	<b>-</b>	<b>3,209,923</b>
<b>Capital expenditure</b>	<b>50,687</b>	<b>-</b>	<b>13,429</b>	<b>-</b>	<b>64,116</b>
<b>Significant non-cash items</b>					
Depreciation	52,696	-	928	-	53,624
Amortisation	55	-	-	-	55

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
<b>9M 2010</b>					
Revenue from external customers	389,009	771,263	1,703,047	708,658	3,571,977
Segment assets	4,352,147	160,990	501	8,847	4,522,485
Total assets	4,385,123	426,877	501	8,847	4,821,348
Capital expenditure	57,305	1,296	-	957	59,558
<b>9M 2009</b>					
Revenue from external customers	614,291	1,490,542	1,706,579	570,111	4,381,523
Segment assets	4,412,062	136,116	-	8,115	4,556,293
Total assets	4,441,390	403,533	-	8,115	4,853,038
Capital expenditure	60,222	3,813	-	81	64,116

#### 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 2010 \$'000	9M 2009 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
Neptune Orient Lines and its associates	1,835	-
PSA International Pte Ltd and its associates	1,883	3,856
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	22,410	21,341
<b>Management and Support Services</b>		
Sembcorp Industries Limited	188	188
<b>Total Interested Person Transactions</b>	<b>26,316</b>	<b>25,385</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 30 September 2010 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

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

**4 November 2010**