



SEMBCORP MARINE LTD
Registration Number: 196300098Z

THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
	Financial Statements & Related Announcement	1 – 21
1	Consolidated Income Statement	1 – 4
2	Consolidated Statement of Comprehensive Income	5
3	Balance Sheets	6 – 8
4	Consolidated Cash Flow Statement	9 – 10
5	Statements of Changes in Equity	11 – 15
6	Audit	15
7	Auditors' Report	16
8	Accounting Policies	16
9	Changes in Accounting Policies	16
10	Review of Group Performance	16
11	Variance from Prospect Statement	17
12	Prospects	17
13	Dividend	17
14	Subsequent Event	17
15	Segmental Reporting	18 – 20
16	Interested Person Transactions	21
17	Confirmation by the Board	21

SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

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 2011.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		3Q 2011 \$'000	3Q 2010 \$'000	+ / (-) %	9M 2011 \$'000	9M 2010 \$'000	+ / (-) %
Turnover	1.1a	1,302,443	1,114,651	16.8	2,962,642	3,571,977	(17.1)
Cost of sales		(1,045,794)	(782,510)	33.6	(2,314,021)	(2,811,339)	(17.7)
Gross profit	1.1b	256,649	332,141	(22.7)	648,621	760,638	(14.7)
Other operating income	1.1c	4,372	614	n.m.	13,130	12,658	3.7
Other operating expenses	1.1c	(9,492)	(16,347)	(41.9)	(21,802)	(35,458)	(38.5)
General and administrative expenses	1.1d	(40,389)	(33,538)	20.4	(103,898)	(93,081)	11.6
Operating profit		211,140	282,870	(25.4)	536,051	644,757	(16.9)
Dividend and interest income		47,151	6,092	n.m.	55,306	29,888	85.0
Finance costs		(550)	(1,697)	(67.6)	(1,751)	(4,410)	(60.3)
Foreign exchange transactions	1.2g	-	52,640	n.m.	-	52,640	n.m.
Non-operating income	1.2h	-	-	-	355	-	n.m.
Share of results of associates and joint ventures		17,464	14,743	18.5	46,595	41,442	12.4
Profit before income tax expense	1.2	275,205	354,648	(22.4)	636,556	764,317	(16.7)
Income tax expense	1.3	(50,304)	(52,425)	(4.0)	(108,275)	(127,006)	(14.7)
Profit for the period		224,901	302,223	(25.6)	528,281	637,311	(17.1)
Attributable to:							
Shareholders of the Company		222,508	295,965	(24.8)	522,881	620,903	(15.8)
Non-controlling interests	1.4	2,393	6,258	(61.8)	5,400	16,408	(67.1)
		224,901	302,223	(25.6)	528,281	637,311	(17.1)
Attributable to Shareholders of the Company excluding foreign exchange transactions and non-operating items							
		222,508	243,325	(8.6)	522,526	568,263	(8.0)
Earnings per share (cents)							
	1.5						
Basic		10.69	14.29	(25.2)	25.14	30.01	(16.2)
Diluted		10.69	14.25	(25.0)	25.12	29.91	(16.0)

n.m.: not meaningful

NOTES TO CONSOLIDATED INCOME STATEMENT:

1.1a Turnover

Group turnover for 3Q 2011 increased 16.8% to \$1,302.4 million mainly due to the resumption of revenue recognition upon completion and delivery of the Songa Eclipse semi-submersible rig as well as higher contributions from ship conversion and offshore projects.

For 9M 2011, turnover decreased 17.1% to \$2,962.6 million mainly due to many new jackup rig building projects, secured since 4Q 2010, still at the planning stage as compared to more turnkey semi-submersible rig building projects, the resumption of revenue recognition on delivery of Petro Rig III semi-submersible rig and the sale of CJ-70 harsh environment jack-up rig in 9M 2010. The turnover was partially offset by higher revenue recognition from ship conversion and offshore projects.

1.1b Gross profit

Group gross profit for 3Q 2010 was higher mainly due to the resumption of margin recognition upon sale of CJ-70 harsh environment jack-up rig.

For 9M 2011, gross profit was lower mainly due to fewer jack-up and semi-submersible rig projects.

1.1c Other operating income/(expenses)

	Note	Group			Group		
		3Q 2011	3Q 2010	+ / (-)	9M 2011	9M 2010	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange loss, net	1.2d	(2,090)	(16,182)	(87.1)	(14,189)	(34,771)	(59.2)
Fair value adjustment on hedging instruments	1.2e	(7,845)	(1,173)	n.m.	(7,272)	4,796	n.m.
Other income	1.2i	4,945	1,787	n.m.	13,130	7,862	67.0
Other expenses		(130)	(165)	(21.2)	(341)	(687)	(50.4)
		<u>(5,120)</u>	<u>(15,733)</u>	<u>(67.5)</u>	<u>(8,672)</u>	<u>(22,800)</u>	<u>(62.0)</u>
<i>Disclosed in Consolidated Income Statement as follows:</i>							
Other operating income		4,372	614	n.m.	13,130	12,658	3.7
Other operating expenses		<u>(9,492)</u>	<u>(16,347)</u>	<u>(41.9)</u>	<u>(21,802)</u>	<u>(35,458)</u>	<u>(38.5)</u>
		<u>(5,120)</u>	<u>(15,733)</u>	<u>(67.5)</u>	<u>(8,672)</u>	<u>(22,800)</u>	<u>(62.0)</u>

1.1d General and administrative expenses

The higher general and administrative expenses in 3Q 2011 and 9M 2011 are mainly due to higher personnel related costs and higher professional fees as compared with the corresponding periods in 2010.

1.2. Profit before income tax expense is arrived at after crediting/(charging) the following significant items:

	Note	Group			Group		
		3Q 2011	3Q 2010	+ / (-)	9M 2011	9M 2010	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Dividend income	a	-	27	n.m.	4,464	3,372	32.4
Interest income	b	47,151	6,065	n.m.	50,842	26,516	91.7
Interest expense	c	(29)	(137)	(78.8)	(137)	(485)	(71.8)
Depreciation and amortisation		(20,300)	(20,682)	(1.8)	(61,107)	(62,353)	(2.0)
Write-back of doubtful debts/bad debts, net		142	995	(85.7)	279	1,066	(73.8)
Allowance for inventory obsolescence, net		(35)	(33)	6.1	(104)	(99)	5.1
Foreign exchange loss, net	d	(2,090)	(16,182)	(87.1)	(14,189)	(34,771)	(59.2)
Gain/(loss) on disposal of property, plant and equipment, net		39	(29)	n.m.	208	176	18.2
Fair value adjustment on hedging instruments	e	(7,845)	(1,173)	n.m.	(7,272)	4,796	n.m.
Fair value adjustment on interest rate swap	f	15	103	(85.4)	98	310	(68.4)
Foreign exchange transactions	g	-	52,640	n.m.	-	52,640	n.m.
Non-operating income	h	-	-	-	355	-	n.m.

	Group			Group		
	3Q 2011	3Q 2010	+ / (-)	9M 2011	9M 2010	+ / (-)
			%			%
Profit after taxation as a percentage of Turnover	17.27%	27.11%	(36.3)	17.83%	17.84%	(0.1)
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	10.26%	12.76%	(19.6)	24.10%	26.78%	(10.0)

Notes:

- a Higher dividend income in 9M 2011 was mainly due to higher dividend received from quoted investments.
- b Higher interest income in 3Q 2011 and 9M 2011 was attributable mainly to interest received for deferred payment granted to customers.
- c Lower 3Q 2011 and 9M 2011 interest expense was mainly due to lower bank borrowing.
- d Foreign exchange loss (net) in 3Q 2011 and 9M 2011 mainly arose from the revaluation of assets denominated in Euro and United States dollar to Singapore dollar.
- e Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- f Fair value adjustment on interest rate swap was due to interest rate movements.
- g Foreign exchange transactions relates to the receipt on full and final amicable settlement of the disputed foreign exchange transactions with Societe Generale in 3Q 2010.
- h Non-operating income in 9M 2011 was mainly due to gain on disposal of other long-term equity investment in 2Q 2011.
- i Other income increased in 3Q 2011 and 9M 2011 was mainly due to higher miscellaneous income and scrap sales.

1.3. Income tax expense

The Group's tax charge for 3Q 2011 included a write back of an over-provision of tax in respect of prior years of \$27,000 (3Q 2010: under provision of tax in respect of prior years of \$636,000).

The Group's tax charge for 9M 2011 included a write back of an over-provision of tax in respect of prior years of \$2,307,000 (9M 2010: under provision of tax in respect of prior years of \$306,000).

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, the Group has continued to consolidate its 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 2011	3Q 2010	+ / (-) %	9M 2011	9M 2010	+ / (-) %
(i) Based on the weighted average number of shares (cents)	10.69	14.29	(25.2)	25.14	30.01	(16.2)
Weighted average number of shares	2,084,833,623	2,075,274,083	0.5	2,080,244,628	2,069,316,595	0.5
(ii) On a fully diluted basis (cents)	10.69	14.25	(25.0)	25.12	29.91	(16.0)
Adjusted weighted average number of shares	2,086,216,623	2,081,678,083	0.2	2,081,627,628	2,075,720,595	0.3

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Group	
		3Q 2011 \$'000	3Q 2010 \$'000	9M 2011 \$'000	9M 2010 \$'000
Profit for the period		224,901	302,223	528,281	637,311
Foreign currency translation differences	(i)	5,991	(24,342)	(27,430)	(20,074)
Net fair value changes of cash flow hedges	(ii)	(57,591)	48,809	(42,274)	47,085
Net fair value changes of available-for-sale financial assets	(iii)	(94,971)	26,051	(120,243)	72,902
Other comprehensive income for the period		(146,571)	50,518	(189,947)	99,913
Total comprehensive income for the period		78,330	352,741	338,334	737,224
Attributable to:					
Shareholders of the Company		75,710	349,387	336,647	723,915
Non-controlling interests		2,620	3,354	1,687	13,309
Total comprehensive income for the period		78,330	352,741	338,334	737,224

2a. Explanatory Notes to Consolidated Statement Of Comprehensive Income

- (i) The translation gains in 3Q 2011 arose from the strengthening United States dollar and Renminbi against Singapore dollar while the translation losses in 9M 2011 was due to the weakening United States dollar and Renminbi against Singapore dollar.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts.
- (iii) Fair value changes were mainly attributable to the lower quoted prices of available-for-sale assets.

3. BALANCE SHEETS

	Group		Company	
	30-Sep-2011 \$'000	31-Dec-2010 \$'000	30-Sep-2011 \$'000	31-Dec-2010 \$'000
Non-current Assets				
Property, plant and equipment	863,056	681,948	112,136	120,892
Investment properties	-	-	39,664	44,616
Investments in subsidiaries	-	-	443,860	482,616
Investments in associates and joint ventures	352,965	306,956	107,369	107,369
Other long-term investments	142,281	286,856	101,214	195,561
Long-term trade receivables	7,986	10,845	7,973	10,832
Other long-term receivables	66,837	54,525	48,752	59,573
Intangible assets	33,022	6,127	122	122
Deferred tax assets	1,345	47	-	-
Derivative financial assets	-	31,714	-	-
Total Non-current Assets	1,467,492	1,379,018	861,090	1,021,581
Current Assets				
Inventories and work-in-progress	797,148	750,749	-	-
Trade receivables	400,578	153,397	83,771	17,903
Other receivables, deposits and prepayments	55,215	40,104	6,128	8,381
Derivative financial assets	5,762	40,805	-	-
Bank balances, fixed deposits and cash	1,863,690	2,915,097	102,241	169,011
Total Current Assets	3,122,393	3,900,152	192,140	195,295
Current Liabilities				
Trade payables	1,580,209	1,453,815	35,599	43,023
Other payables	10,896	8,429	34,751	60,481
Provisions	38,055	55,383	-	-
Progress billings in excess of work-in-progress	422,189	645,704	-	-
Derivative financial liabilities	9,857	101	-	-
Provision for taxation	164,369	277,341	840	1,993
Interest-bearing borrowings	-	8,000	-	-
Total Current Liabilities	2,225,575	2,448,773	71,190	105,497
Net Current Assets	896,818	1,451,379	120,950	89,798
	2,364,310	2,830,397	982,040	1,111,379
Non-current Liabilities				
Deferred tax liabilities	75,346	103,909	29,383	43,842
Derivative financial liabilities	3,884	-	-	-
Other long-term payables	8,761	8,804	-	-
Other provisions	30,474	30,758	27,895	27,895
Total Non-current Liabilities	118,465	143,471	57,278	71,737
	2,245,845	2,686,926	924,762	1,039,642
Equity attributable to shareholders of the Company				
Share capital	470,596	456,561	470,596	456,561
Reserves	1,699,055	2,142,842	454,166	583,081
	2,169,651	2,599,403	924,762	1,039,642
Non-controlling interests	76,194	87,523	-	-
Total equity	2,245,845	2,686,926	924,762	1,039,642

3a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30-Sep-2011		As at 31-Dec-2010	
Secured	Unsecured	Secured	Unsecured
-	-	8,000,000	-

Details of Collateral

As at 31 December 2010, borrowing amounting to \$8,000,000 is secured on corporate guarantee from a subsidiary.

3b. Net asset value

	Group			Company		
	Sep-2011	Dec-2010	+ / (-) %	Sep-2011	Dec-2010	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	104.15	125.10	(16.7)	44.39	50.03	(11.3)

3c. Explanatory Notes to Balance Sheets

(i) Group

Property, plant and equipment

'Property, plant and equipment' increased mainly due to capital expenditures for the Integrated New Yard facility in Tuas View Extension.

Investments in associates and joint ventures

'Investments in associates and joint ventures' increased mainly due to contribution from Cosco Shipyard Group Co. Ltd.

Other long-term investments, Deferred tax assets and Deferred tax liabilities

'Deferred tax assets' increased and 'Other long-term investments' and 'Deferred tax liabilities' decreased mainly due to mark-to-market adjustments of quoted equity shares in Cosco Corporation (S) Ltd.

Long-term trade receivables

'Long-term trade receivables' decreased mainly due to collections from finance lease receivables.

Other long-term receivables

'Other long-term receivables' increased mainly due to increased loan to a joint venture.

Intangible assets

'Intangible assets' increased significantly due to the purchase of engineering designs.

Trade receivables, Other receivables, deposits and prepayments, Trade payables, Other payables and Provisions

'Trade receivables', 'Other receivables, deposits and prepayments', 'Trade payables' and 'Other payables' increased and 'Provisions' decreased mainly due to timing of receipts and payments.

Derivative financial assets and Derivative financial liabilities

'Derivative financial assets' decreased significantly and 'Derivative financial liabilities' increased mainly due to fair value adjustment on foreign currency forward contracts.

3c. Explanatory Notes to Balance Sheets (cont'd)

(i) Group

Bank balances, fixed deposits and cash

'Bank balances, fixed deposits and cash' decreased mainly due to dividends paid.

Progress billings in excess of work-in-progress

'Progress billings in excess of work-in-progress' decreased mainly due to payment terms of rig building projects.

Provision for taxation

'Provision for taxation' decreased mainly due to payments made in 9M 2011.

Interest-bearing borrowings

'Interest-bearing borrowings' decreased due to full repayment of bank term loan.

(ii) Company

Investment properties

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

Other long-term investments and Deferred tax liabilities

'Other long-term investments' and 'Deferred tax liabilities' decreased mainly due to mark-to-market adjustments of quoted equity shares.

Long-term trade receivables

'Long-term trade receivables' decreased mainly due to collections from finance lease receivables.

Other long-term receivables

'Other long-term receivables' decreased mainly due to repayment of loan by subsidiaries.

Trade receivables, Other receivables, deposits and prepayments, Trade payables and Other payables

'Trade receivables' increased and 'Other receivables, deposits and prepayments', 'Trade payables' and 'Other payables' decreased mainly due to timing of receipts and payments respectively with its subsidiaries.

Bank balances, fixed deposits and cash

'Bank balances, fixed deposits and cash' decreased mainly due to dividends paid.

Provision for taxation

'Provision for taxation' decreased mainly due to payments made in 9M 2011.

4. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	3Q 2011	3Q 2010	9M 2011	9M 2010
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Operating profit	211,140	282,870	536,051	644,757
Adjustments for:				
Depreciation of property, plant and equipment, net	20,300	20,682	61,107	62,353
(Gain)/loss on disposal of property, plant and equipment, net	(39)	29	(208)	(176)
Property, plant and equipment written off	376	48	421	182
Share-based payment expenses	9,299	4,502	16,341	13,093
Fair value adjustment on hedging instruments	7,845	1,173	7,272	(4,796)
Operating profit before working capital changes	248,921	309,304	620,984	715,413
Changes in working capital:				
Inventories and work-in-progress	321,908	56,758	(269,914)	371,099
Trade and other receivables	(172,442)	(30,938)	(270,877)	36,861
Trade and other payables	163,026	(56,608)	149,064	(153,339)
Cash generated from operations	561,413	278,516	229,257	970,034
Investment and interest income received	47,046	6,012	55,308	29,792
Interest paid	(1,502)	(811)	(2,058)	(2,551)
Income tax paid	(66,821)	(49,981)	(213,117)	(130,711)
Net cash inflow from operating activities	540,136	233,736	69,390	866,564
Net receipt from bank relating to foreign exchange transactions	-	52,640	-	52,640
	540,136	286,376	69,390	919,204
Cash flows from Investing Activities:				
Purchase of property, plant and equipment	(144,273)	(15,457)	(247,363)	(32,501)
Proceeds from sale of property, plant and equipment	38	756	248	964
Proceeds from sale of other investment	-	-	1,685	-
Purchase of intangible assets	(6,533)	-	(26,895)	-
Investment in joint venture	(8,559)	(1,166)	(8,559)	(1,166)
Dividend from associate	589	-	589	-
Cash paid to non-controlling interest upon liquidation of a subsidiary	-	-	-	(542)
Net cash outflow from investing activities	(158,738)	(15,867)	(280,295)	(33,245)
Cash flows from Financing Activities:				
Repayment of borrowings	(2,000)	(5,136)	(8,000)	(11,136)
Proceeds from borrowings	-	2,030	-	2,224
Proceeds from share options exercised	564	1,471	14,382	13,151
Purchase of treasury shares	(10,166)	-	(41,318)	-
Dividends paid to shareholders of the Company	(104,185)	(103,795)	(750,501)	(311,271)
Dividends paid to non-controlling interests of subsidiaries	(474)	-	(12,978)	(16,496)
Net cash outflow from financing activities	(116,261)	(105,430)	(798,415)	(323,528)
Net increase/(decrease) in cash and cash equivalents	265,137	165,079	(1,009,320)	562,431
Cash and cash equivalents at beginning of the period	1,591,437	2,378,644	2,915,097	1,978,548
Effect of exchange rate changes on balances held in foreign currency	7,116	(18,139)	(42,087)	(15,395)
Cash and cash equivalents at end of the period	1,863,690	2,525,584	1,863,690	2,525,584

4a. Cash and cash equivalents

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

	30-Sep-2011	30-Sep-2010
	\$'000	\$'000
Fixed deposits	1,315,317	2,192,009
Bank balances and cash	548,373	333,575
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	1,863,690	2,525,584
	<hr/>	<hr/>

4b. Explanatory Notes to Consolidated Cash Flow Statement

Cash flows from operating activities before changes in working capital decreased from \$715.4 million in 9M 2010 to \$621.0 million in 9M 2011. Net cash inflow from operating activities for 9M 2011 decreased to \$69.4 million mainly due to an increase in working capital for the ongoing projects.

Net cash outflow from investing activities for 9M 2011 was \$280.3 million. The Group spent \$247.4 million on expansion and operational capital expenditures and \$26.9 million on intangible assets in 9M 2011.

Net cash outflow from financing activities for 9M 2011 was \$798.4 million. It relates mainly to dividends paid and purchase of treasury shares.

5. STATEMENTS OF CHANGES IN EQUITY

5a. Statements of Changes in Equity for the 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		
1H 2011									
At 1 January 2011	456,561	-	25,574	(65,147)	215,461	1,966,954	2,599,403	87,523	2,686,926
Total comprehensive income									
Profit for the period	-	-	-	-	-	300,373	300,373	3,007	303,380
Other comprehensive income									
Foreign currency translation differences	-	-	-	(29,481)	-	-	(29,481)	(3,940)	(33,421)
Net fair value changes of cash flow hedges	-	-	-	-	15,317	-	15,317	-	15,317
Net fair value changes of available-for-sale financial assets	-	-	-	-	(25,272)	-	(25,272)	-	(25,272)
Total other comprehensive income	-	-	-	(29,481)	(9,955)	-	(39,436)	(3,940)	(43,376)
Total comprehensive income	-	-	-	(29,481)	(9,955)	300,373	260,937	(933)	260,004
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	13,995	-	-	-	(240)	-	13,755	-	13,755
Purchase of treasury shares	-	(31,152)	-	-	-	-	(31,152)	-	(31,152)
Issuance of treasury shares	-	30,783	-	-	(30,867)	-	(84)	-	(84)
Dividends paid	-	-	-	-	-	(646,316)	(646,316)	(12,504)	(658,820)
Cost of share-based payment - charged to income statement	-	-	-	-	4,725	-	4,725	-	4,725
Total transactions with equity holders	13,995	(369)	-	-	(26,382)	(646,316)	(659,072)	(12,504)	(671,576)
At 30 June 2011	470,556	(369)	25,574	(94,628)	179,124	1,621,011	2,201,268	74,086	2,275,354
3Q 2011									
Total comprehensive income									
Profit for the period	-	-	-	-	-	222,508	222,508	2,393	224,901
Other comprehensive income									
Foreign currency translation differences	-	-	-	5,764	-	-	5,764	227	5,991
Net fair value changes of cash flow hedges	-	-	-	-	(57,591)	-	(57,591)	-	(57,591)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(94,971)	-	(94,971)	-	(94,971)
Total other comprehensive income	-	-	-	5,764	(152,562)	-	(146,798)	227	(146,571)
Total comprehensive income	-	-	-	5,764	(152,562)	222,508	75,710	2,620	78,330
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	40	-	-	-	-	-	40	-	40
Purchase of treasury shares	-	(10,166)	-	-	-	-	(10,166)	-	(10,166)
Issuance of treasury shares	-	1,524	-	-	(1,015)	-	509	-	509
Dividends paid	-	-	-	-	-	(104,185)	(104,185)	(474)	(104,659)
Cost of share-based payment - charged to income statement	-	-	-	-	6,447	-	6,447	-	6,447
Realisation of reserve upon liquidation of subsidiaries	-	-	-	5	23	-	28	(38)	(10)
Total transactions with equity holders	40	(8,642)	-	5	5,455	(104,185)	(107,327)	(512)	(107,839)
At 30 September 2011	470,596	(9,011)	25,574	(88,859)	32,017	1,739,334	2,169,651	76,194	2,245,845

5a. Statements of Changes in Equity for the Group (cont'd)

	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		
1H 2010									
At 1 January 2010	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408
Total comprehensive income									
Profit for the period	-	-	-	-	-	324,938	324,938	10,150	335,088
Other comprehensive income									
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
Total comprehensive income	-	-	-	3,831	45,759	324,938	374,528	9,955	384,483
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	7,797	-	-	-	(97)	-	7,700	-	7,700
Issuance of treasury shares	-	25,449	-	-	(21,826)	-	3,623	-	3,623
Dividends 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)
Total transactions with equity holders	7,797	25,449	257	-	(15,785)	(207,733)	(190,015)	(17,214)	(207,229)
At 30 June 2010	451,144	-	25,582	(26,643)	83,087	1,535,413	2,068,583	69,079	2,137,662
3Q 2010									
Total comprehensive income									
Profit for the period	-	-	-	-	-	295,965	295,965	6,258	302,223
Other comprehensive income									
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
Total comprehensive income	-	-	-	(21,439)	74,861	295,965	349,387	3,354	352,741
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	1,868	-	-	-	(397)	-	1,471	-	1,471
Issuance of treasury shares	-	-	-	-	(108)	-	(108)	-	(108)
Dividends 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	-	-	-
Total transactions with equity holders	1,868	-	(8)	-	2,795	(103,787)	(99,132)	-	(99,132)
At 30 September 2010	453,012	-	25,574	(48,082)	160,743	1,727,591	2,318,838	72,433	2,391,271

5b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1H 2011						
At 1 January 2011	456,561	-	960	127,948	454,173	1,039,642
Total comprehensive income						
Profit for the period	-	-	-	-	591,339	591,339
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(18,472)	-	(18,472)
Total other comprehensive income	-	-	-	(18,472)	-	(18,472)
Total comprehensive income	-	-	-	(18,472)	591,339	572,867
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	13,995	-	-	(240)	-	13,755
Purchase of treasury shares	-	(31,152)	-	-	-	(31,152)
Issuance of treasury shares	-	30,783	-	(30,720)	-	63
Dividends paid	-	-	-	-	(646,316)	(646,316)
Cost of share-based payment	-	-	-	973	-	973
- charged to income statement	-	-	-	3,752	-	3,752
- issued to employees of subsidiaries	-	-	-	-	-	-
Total transactions with equity holders	13,995	(369)	-	(26,235)	(646,316)	(658,925)
At 30 June 2011	470,556	(369)	960	83,241	399,196	953,584
3Q 2011						
Total comprehensive income						
Profit for the period	-	-	-	-	138,914	138,914
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(60,086)	-	(60,086)
Total other comprehensive income	-	-	-	(60,086)	-	(60,086)
Total comprehensive income	-	-	-	(60,086)	138,914	78,828
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	40	-	-	-	-	40
Purchase of treasury shares	-	(10,166)	-	-	-	(10,166)
Issuance of treasury shares	-	1,524	-	(1,000)	-	524
Dividends paid	-	-	-	-	(104,185)	(104,185)
Cost of share-based payment	-	-	-	1,071	-	1,071
- charged to income statement	-	-	-	5,066	-	5,066
- charged to employees of subsidiaries	-	-	-	-	-	-
Total transactions with equity holders	40	(8,642)	-	5,137	(104,185)	(107,650)
At 30 September 2011	470,596	(9,011)	960	28,292	433,925	924,762

5b. Statements of Changes in Equity of the Company (cont'd)

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

5c. Changes in the Company's share capital

Issued and Paid Up Capital

During 3Q 2011, the Company issued 17,600 ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP") (3Q 2010: 1,164,694 ordinary shares upon the exercise of options granted under the SOP and upon the vesting of restricted shares under the Company's Restricted Stock Plan ("RSP").

As at 30 September 2011, the Company's issued and paid up capital, excluding treasury shares comprises 2,083,167,353 (31 December 2010: 2,077,902,979) ordinary shares.

Share Options

During 3Q 2011, 17,600 (3Q 2010: 1,014,789) share options under the SOP were exercised and settled by way of issuance of new shares and 244,160 (3Q 2010: Nil) share options exercised were settled by way of issuance of treasury shares.

In 3Q 2011, 11,600 (3Q 2010: 172,020) share options lapsed.

As at 30 September 2011, there were 3,832,462 (30 September 2010: 13,139,166) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 3Q 2011, 585,000 (3Q 2010: Nil) performance shares were awarded under the Company's Performance Share Plan ("PSP").

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 September 2011 was 1,765,000 (30 September 2010: 1,970,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,647,500 (30 September 2010: 2,955,000) performance shares.

Restricted Shares

In 3Q 2011, 3,085,800 (3Q 2010: Nil) restricted shares were awarded under the RSP.

During 3Q 2011, 79,400 (3Q 2010: 149,905) restricted shares were released under the RSP and 198,500 (3Q 2010: 121,388) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 September 2011, was 10,187,835 (30 September 2010: 11,445,079). 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 2011 was 6,256,200 (30 September 2010: 6,739,130). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 9,384,300 (30 September 2010: 10,108,695) restricted shares.

Treasury Shares

During 3Q 2011, the Company acquired 2,250,000 (3Q 2010: Nil) ordinary shares in the Company by way of on-market purchases and re-issued 323,560 (3Q 2010: Nil) treasury shares pursuant to the SOP and RSP.

As at 30 September 2011, 1,996,135 (30 September 2010: Nil) 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.

6. 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.

7. AUDITORS' REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 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 2010.

9. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2011.

Amendments to FRS 24	Related party disclosures
Amendments to FRS 32	Financial instruments: Presentation – Classification of rights issues
Amendments to INT FRS 114	Prepayments of a minimum funding requirement
INT FRS 119	Extinguishing financial liabilities with equity instruments
Improvements to FRSs 2010	

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

10. REVIEW OF GROUP PERFORMANCE

Turnover

	3Q 2011	3Q 2010	+/(-)	+/(-)	9M 2011	9M 2010	+/(-)	+/(-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rig Building	884.2	768.2	116.0	15.1	1,602.6	2,392.1	(789.5)	(33.0)
Offshore and Conversion	232.0	150.8	81.2	53.8	846.8	668.5	178.3	26.7
Repair	175.3	189.0	(13.7)	(7.2)	485.0	488.1	(3.1)	(0.6)
Other Activities	10.9	6.7	4.2	62.7	28.2	23.3	4.9	21.0
	1,302.4	1,114.7	187.7	16.8	2,962.6	3,572.0	(609.4)	(17.1)

Group turnover for 3Q 2011 increased 16.8% to \$1,302.4 million mainly due to the resumption of revenue recognition upon completion and delivery of the Songa Eclipse semi-submersible rig as well as higher contributions from ship conversion and offshore projects.

For 9M 2011, turnover decreased 17.1% to \$2,962.6 million mainly due to many new jackup rig building projects, secured since 4Q 2010, still at the planning stage as compared to more turnkey semi-submersible rig building projects, the resumption of revenue recognition on delivery of Petro Rig III semi-submersible rig and the sale of CJ-70 harsh environment jack-up rig in 9M 2010. The turnover was partially offset by higher revenue recognition from ship conversion and offshore projects.

Operating profit

Group operating profit for 3Q 2010 was higher mainly due to the resumption of margin recognition upon sale of CJ-70 harsh environment jack-up rig.

For 9M 2011, operating profit was lower mainly due to fewer jack-up and semi-submersible rig projects.

Profit attributable to Shareholders of the Company

Group profit attributable to shareholders of the Company for 3Q 2011 and 9M 2011 was lower due to lower operating profit from jack-up rig building projects and the receipt on the full and final amicable settlement of the disputed foreign exchange transactions with Societe Generale in 3Q 2010. This was offset by the higher interest income received in 3Q 2011 for deferred payment granted to customers.

11. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

12. PROSPECTS

The Group has a net order book of S\$5.2 billion with completion and deliveries stretching till second quarter of 2014. This includes S\$3.2 billion in contract orders secured since the start of 2011, excluding ship repair contracts.

The global economy remains fragile and uncertain. The outlook has been affected by events in Europe, economic slowdown in the United States and concerns over China.

Despite the macro conditions, the medium to long-term fundamentals for the offshore oil and gas industry remain intact with exploration and production (E&P) expenditure by oil majors and national oil companies expected to increase further into 2013, especially for the deep and ultra-deepwater segments.

Outlook for the fixed and floating production market remains positive supported by increasing long-term demand for oil and sustainable oil prices. With the Brent crude oil prices expected to remain firm, demand for fixed platforms and FPSOs is expected to be strong with more projects moving towards development phase.

For ship repair, the Group has secured several long-term contracts from its customers, in particular in the niche segments for 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.

Overall, enquiries remain healthy but competition is keen.

Construction of the Phase I Integrated New Yard facility in Tuas View Extension is progressing on schedule with two VLCC drydocks due for operations by end of 2012. The Group's ship repair and ship conversion/offshore capacity will increase substantially when the remaining two VLCC drydocks and ancillary facilities are completed and operational by the second half of 2013.

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

13. DIVIDEND

No dividend for the period ended 30 September 2011 is recommended.

14. SUBSEQUENT EVENT

On 28 October 2011, the Company announced that following the amicable settlement of the disputed foreign exchange transactions, its wholly owned subsidiary Jurong Shipyard has been allowed deduction of its losses from foreign exchange transactions for tax purposes for the Years of Assessment 2008 and 2009.

As tax had provisionally been paid pending the decision of the Inland Revenue Authority of Singapore (IRAS), a refund will be received from IRAS in due course.

This will result in the recognition of S\$54,392,000 in the consolidated income statement in fourth quarter of 2011.

15. SEGMENTAL REPORTING

9M 2011

(i) *By business segments:*

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<u>Turnover</u>					
Sales to external parties	2,943,225	-	19,417	-	2,962,642
Inter-segment sales	-	-	205,255	(205,255)	-
Total	2,943,225	-	224,672	(205,255)	2,962,642
<u>Results</u>					
Segment results	529,424	(181)	6,808	-	536,051
Dividend and interest income	55,269	-	37	-	55,306
Finance costs	(1,751)	-	-	-	(1,751)
Non-operating income	355	-	-	-	355
Share of results of associates and joint ventures	42,057	4,216	322	-	46,595
Profit before income tax expense	625,354	4,035	7,167	-	636,556
Income tax expense	(108,812)	1,496	(959)	-	(108,275)
Profit for the period	516,542	5,531	6,208	-	528,281
<u>Assets</u>					
Segment assets	4,173,576	14,459	47,540	-	4,235,575
Investments in associates and joint ventures	315,447	36,673	845	-	352,965
Deferred tax assets	1,298	-	47	-	1,345
Total assets	4,490,321	51,132	48,432	-	4,589,885
<u>Liabilities</u>					
Segment liabilities	2,077,386	4	26,935	-	2,104,325
Deferred tax liabilities	74,791	-	555	-	75,346
Provision for taxation	163,441	-	928	-	164,369
Total liabilities	2,315,618	4	28,418	-	2,344,040
<u>Capital expenditure</u>	282,785	-	32	-	282,817
<u>Significant non-cash item</u>					
Depreciation	60,246	-	861	-	61,107

(ii) *By geographical segments:*

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Total \$'000
Turnover from external customers	217,117	335,879	1,869,082	540,564	2,962,642
Segment assets	4,082,779	142,194	35	10,567	4,235,575
Total assets	4,121,642	457,641	35	10,567	4,589,885
Capital expenditure	265,747	15,128	-	1,942	282,817

15. SEGMENTAL REPORTING (Cont'd)

9M 2010

(i) *By business segments:*

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<u>Turnover</u>					
Sales to external parties	3,558,487	-	13,490	-	3,571,977
Inter-segment sales	-	-	63,821	(63,821)	-
Total	3,558,487	-	77,311	(63,821)	3,571,977
<u>Results</u>					
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 and 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)
Profit for the period	634,769	2,017	525	-	637,311
<u>Assets</u>					
Segment assets	4,461,095	14,976	46,414	-	4,522,485
Investments in associates and joint ventures	267,053	29,560	560	-	297,173
Deferred tax assets	-	-	47	-	47
Tax recoverable	1,642	-	1	-	1,643
Total assets	4,729,790	44,536	47,022	-	4,821,348
<u>Liabilities</u>					
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
Total liabilities	2,413,495	528	16,054	-	2,430,077
<u>Capital expenditure</u>	59,542	-	16	-	59,558
<u>Significant non-cash item</u>					
Depreciation	61,477	-	876	-	62,353

(ii) *By geographical segments:*

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Total \$'000
Turnover 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

NOTES TO SEGMENTAL REPORTING:

15a. Business segments

The Group has two reportable segments, which are the Group's strategic business units. The strategic business units are managed separately because of their different business activities. The two reportable segments are (i) ship and rig repair, building, conversion and offshore and (ii) ship chartering.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

15b. Geographical segments

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

15c. Review of segment performance

Please refer to paragraph 10.

16. **INTERESTED PERSON TRANSACTIONS**

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

	9M 2011	9M 2010
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines and its associates	-	1,835
PSA International Pte Ltd and its associates	1,620	1,883
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	28,131	22,410
PSA International Pte Ltd and its associates	312	-
Management and Support Services		
Sembcorp Industries Limited	188	188
Total Interested Person Transactions	30,251	26,316

17. **CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the third quarter and nine months ended 30 September 2011 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES

3 November 2011