



SEMBCORP MARINE LTD
Registration Number: 196300098Z

THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013

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 2013.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
	Note	3Q 2013 \$'000	3Q 2012 \$'000	+ / (-) %	9M 2013 \$'000	9M 2012 \$'000	+ / (-) %
Turnover	2a	1,658,765	892,413	85.9	3,833,134	3,051,966	25.6
Cost of sales		(1,478,937)	(725,389)	n.m.	(3,354,646)	(2,531,787)	32.5
Gross profit		179,828	167,024	7.7	478,488	520,179	(8.0)
Other operating income	2b	19,232	9,834	95.6	75,915	24,724	n.m.
Other operating expenses	2b	1,867	(14,873)	n.m.	(1,679)	(33,730)	(95.0)
General and administrative expenses	2c	(34,178)	(36,038)	(5.2)	(96,373)	(105,198)	(8.4)
Operating profit		166,749	125,947	32.4	456,351	405,975	12.4
Finance income	2d	2,403	1,354	77.5	5,150	20,491	(74.9)
Finance costs	2e	(2,319)	(819)	n.m.	(5,843)	(2,320)	n.m.
Investment income	2f	-	78	n.m.	2,228	3,421	(34.9)
Non-operating income	2g	-	-	-	2,816	46	n.m.
Non-operating expenses	2h	(65)	5	n.m.	(70)	(2,561)	(97.3)
Share of results of associates and joint ventures	2i	4,198	12,714	(67.0)	15,455	41,758	(63.0)
Profit before tax		170,966	139,279	22.8	476,087	466,810	2.0
Tax expense	2j	(32,715)	(19,646)	66.5	(84,081)	(80,048)	5.0
Profit for the period		138,251	119,633	15.6	392,006	386,762	1.4
Profit attributable to:							
Owners of the Company		129,677	115,512	12.3	373,305	371,377	0.5
Non-controlling interests	2k	8,574	4,121	n.m.	18,701	15,385	21.6
Profit for the period		138,251	119,633	15.6	392,006	386,762	1.4
Earnings per share (cents)	2l						
Basic		6.21	5.53	12.3	17.87	17.81	0.3
Diluted		6.20	5.53	12.1	17.86	17.79	0.4

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		3Q 2013 \$'000	3Q 2012 \$'000	+ / (-) %	9M 2013 \$'000	9M 2012 \$'000	+ / (-) %
Turnover	(i)	1,658,765	892,413	85.9	3,833,134	3,051,966	25.6
Cost of sales		(1,478,937)	(725,389)	n.m.	(3,354,646)	(2,531,787)	32.5
Gross profit	(ii)	179,828	167,024	7.7	478,488	520,179	(8.0)
<i>Included in cost of sales:</i>							
Depreciation and amortisation		(25,842)	(21,393)	20.8	(72,957)	(59,772)	22.1
Allowance for inventory obsolescence		(34)	(34)	-	(103)	(103)	-

(i) Group turnover for 3Q 2013 increased mainly due to the higher revenue recognition for rig building projects.

Group turnover for 9M 2013 was 26% higher mainly due to higher revenue recognition for rig building projects offset by lower revenue recognition for offshore and conversion projects.

(ii) Gross profit for 3Q 2013 was higher mainly due to contribution from higher turnover for rig building projects. Gross profit for 9M 2013 decreased due to lower margin recognised.

2b. Other operating income/(expenses)

		Group			Group		
		3Q 2013 \$'000	3Q 2012 \$'000	+ / (-) %	9M 2013 \$'000	9M 2012 \$'000	+ / (-) %
Other operating income		19,232	9,834	95.6	75,915	24,724	n.m.
Other operating expenses		1,867	(14,873)	n.m.	(1,679)	(33,730)	(95.0)
		21,099	(5,039)	n.m.	74,236	(9,006)	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	12,408	(14,824)	n.m.	28,555	(33,341)	n.m.
Fair value adjustment on hedging instruments	(ii)	2,546	3,004	(15.2)	(784)	3,748	n.m.
Gain on disposal of property, plant and equipment, net		1,028	47	n.m.	14,769	388	n.m.
Other income	(iii)	5,796	6,783	(14.6)	32,591	20,588	58.3
Other expenses		(679)	(49)	n.m.	(895)	(389)	n.m.
		21,099	(5,039)	n.m.	74,236	(9,006)	n.m.

(i) Foreign exchange gain in 3Q 2013 and 9M 2013 mainly arose from the revaluation of assets denominated in Euro and United States dollar to Singapore dollar.

(ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

(iii) Other income increased in 9M 2013 was mainly due to settlement of claims, higher rental income and sales of scrap.

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

2c. General and administrative expenses

	Group			Group		
	3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
General and administrative expenses (i)	(34,178)	(36,038)	(5.2)	(96,373)	(105,198)	(8.4)
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(881)	(1,927)	(54.3)	(2,584)	(6,000)	(56.9)
Write-back of/(allowance for) doubtful debts and bad debts	674	(21)	n.m.	452	202	n.m.

(i) Lower general and administrative expenses in 3Q 2013 and 9M 2013 were mainly due to lower personnel related expenses.

2d. Finance income

Higher finance income in 3Q 2013 was mainly due to higher interest rates and bank balances.

In 9M 2012, higher finance income was mainly attributable to interest income received for deferred payment granted to customers.

2e. Finance costs

	Group			Group		
	3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Finance costs	(2,319)	(819)	n.m.	(5,843)	(2,320)	n.m.
<i>Included in finance costs:</i>						
Interest expense (i)	(1,872)	(181)	n.m.	(4,301)	(395)	n.m.
Commitment and facility fees	(447)	(638)	(29.9)	(1,542)	(1,925)	(19.9)
	(2,319)	(819)	n.m.	(5,843)	(2,320)	n.m.

(i) Higher interest expense in 3Q 2013 and 9M 2013 was mainly due to higher bank borrowing as compared to the corresponding periods in 2012.

2f. Investment income

Lower investment income in 9M 2013 was mainly due to lower dividend received from quoted investments.

2g. Non-operating income

	Group			Group		
	3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Non-operating income	-	-	-	2,816	46	n.m.
<i>Included in non-operating income:</i>						
Gain on disposal of an associate	-	-	-	2,816	-	n.m.
Gain on disposal of other long-term equity investments	-	-	-	-	46	n.m.
	-	-	-	2,816	46	n.m.

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

2h. Non-operating expenses

Non-operating expenses were mainly due to impairment of other long-term equity investments.

2i. Share of results of associates and joint ventures

The decrease in the share of results of associates and joint ventures in 3Q 2013 and 9M 2013 was mainly due to lower contribution from associates and joint ventures.

2j. Tax expense

	Group			Group		
	3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Tax expense	(32,715)	(19,646)	66.5	(84,081)	(80,048)	5.0
<i>Included in tax expense:</i>						
(Under-provision)/write-back of tax in respect of prior years, net	(12)	1,863	n.m.	1,053	1,891	(44.3)

2k. 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 for various reliefs, including the transfer of the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. On 30 May 2012, the High Court released its judgement together with the Grounds of Decision. The decision was not favourable to the Company. On 29 June 2012, the Company filed an appeal to the Court of Appeal which was heard on 8 November 2012.

On 25 July 2013, the Court of Appeal ruled, in favour of the Company, that certain provisions in the Joint Venture Agreement between the Company and PPL Holdings Pte Ltd premised on equal shareholding no longer applied when the Company increased its shareholding from 50 per cent to 85 per cent in PPLS. Arising from the decision of the Court of Appeal, the Company will have full control of PPLS Board. The Group will continue to consolidate its 85 per cent interest in PPLS and separately account for the 15 per cent as a "non-controlling interest".

2l. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
			%			%
(i) Based on the weighted average number of shares (cents)	6.21	5.53	12.3	17.87	17.81	0.3
Weighted average number of shares ('000)	2,089,234	2,087,606	0.1	2,088,517	2,085,375	0.2
(ii) On a fully diluted basis (cents)	6.20	5.53	12.1	17.86	17.79	0.4
Adjusted weighted average number of shares ('000)	2,090,366	2,089,220	0.1	2,089,649	2,086,989	0.1

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

2m. Profitability ratios

	Group			Group		
	3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
	%	%	%	%	%	%
Profit after taxation as a percentage of Turnover	8.33	13.41	(37.9)	10.23	12.67	(19.3)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	5.12	5.06	1.2	14.75	16.27	(9.3)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		3Q 2013	3Q 2012	+ / (-)	9M 2013	9M 2012	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period		138,251	119,633	15.6	392,006	386,762	1.4
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences	3a(i)	18,385	(35,145)	n.m.	50,849	(56,241)	n.m.
Net change in fair value of cash flow hedges	3a(ii)	19,864	36,038	(44.9)	(23,040)	45,959	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	(3,681)	(4,156)	(11.4)	(28,305)	12,996	n.m.
Other comprehensive income for the period, net of tax		34,568	(3,263)	n.m.	(496)	2,714	n.m.
Total comprehensive income for the period		172,819	116,370	48.5	391,510	389,476	0.5
Total comprehensive income attributable to:							
Owners of the Company		162,656	115,912	40.3	368,717	379,776	(2.9)
Non-controlling interests		10,163	458	n.m.	22,793	9,700	n.m.
Total comprehensive income for the period		172,819	116,370	48.5	391,510	389,476	0.5

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences mainly arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts.
- (iii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.

4. BALANCE SHEETS

	Group		Company	
	30-Sep-2013 \$'000	31-Dec-2012 \$'000	30-Sep-2013 \$'000	31-Dec-2012 \$'000
Non-current assets				
Property, plant and equipment	2,197,332	1,476,206	91,299	99,618
Investment properties	-	-	25,955	31,123
Investments in subsidiaries	-	-	534,793	451,573
Investments in associates and joint ventures	448,859	417,329	107,369	107,369
Other financial assets	128,148	154,332	73,012	98,664
Trade and other receivables	59,566	61,674	46,977	66,435
Intangible assets	31,135	33,653	122	122
Deferred tax assets	3,222	2,388	-	-
	2,868,262	2,145,582	879,527	854,904
Current assets				
Inventories and work-in-progress	2,042,211	1,731,227	-	-
Trade and other receivables	396,716	468,264	70,468	82,543
Tax recoverable	104	83	-	-
Other financial assets	468	32,394	-	-
Cash and cash equivalents	1,758,882	1,408,907	44,593	75,900
	4,198,381	3,640,875	115,061	158,443
Current liabilities				
Trade and other payables	1,783,391	1,687,321	57,282	64,643
Progress billings in excess of work-in-progress	1,613,680	884,038	-	-
Provisions	16,843	17,463	-	-
Other financial liabilities	887	1,428	-	-
Current tax payable	131,687	94,983	3,144	2,629
Interest-bearing borrowings	84,274	32,981	-	-
	3,630,762	2,718,214	60,426	67,272
Net current assets	567,619	922,661	54,635	91,171
	3,435,881	3,068,243	934,162	946,075
Non-current liabilities				
Deferred tax liabilities	125,633	131,131	22,128	23,556
Provisions	53,649	44,243	27,895	27,895
Other financial liabilities	4,523	78	-	-
Interest-bearing borrowings	550,000	300,000	-	-
Other payables	51,012	45,766	-	-
	784,817	521,218	50,023	51,451
	2,651,064	2,547,025	884,139	894,624
Equity attributable to owners of the Company				
Share capital	484,288	480,086	484,288	480,086
Other reserves	(39,485)	(26,335)	(4,155)	28,583
Revenue reserve	2,086,485	1,984,773	404,006	385,955
	2,531,288	2,438,524	884,139	894,624
Non-controlling interests	119,776	108,501	-	-
Total equity	2,651,064	2,547,025	884,139	894,624

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

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

Interest-bearings borrowings:	As at 30-Sep-2013	As at 31-Dec-2012
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u>		
Unsecured	84,274	32,981
(ii) <u>Amount repayable after one year</u>		
Unsecured	550,000	300,000

4b. **Net asset value**

	Group		Company	
	30-Sep-2013	31-Dec-2012	30-Sep-2013	31-Dec-2012
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	121.15	116.80	42.32	42.85

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

(i) **Group**

Non-current assets

'Property, plant and equipment' increased mainly due to capital expenditures for the new shipyards in Singapore and Brazil and the reclassification from 'Inventories and work-in-progress' for an accommodation and repair vessel ARV3 by a subsidiary.

'Other financial assets' decreased mainly due to fair value adjustment of quoted equity shares and foreign currency forward contracts, offset by reclassification from 'Investments in associates and joint ventures' for the 19 per cent equity stake in HQSM Engineering Pte Ltd ("HQSM") following the divestment of 30 per cent shareholding in HQSM (previously at 49 per cent) by a subsidiary.

'Deferred tax assets' increased mainly due to the tax effects of fair value adjustment of quoted equity shares in Cosco Corporation (Singapore) Limited.

Current assets

'Inventories and work-in-progress' increased mainly due to payment terms of rig building projects.

'Trade and other receivables' decreased mainly due to timing of receipts.

'Tax recoverable' increased mainly due to payment made during the period.

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

'Cash and cash equivalents' increased mainly due to receipts from ongoing and completed projects.

Current liabilities

'Progress billings in excess of work-in-progress' increased mainly due to receipts from customers for drillship and jack-up rig building projects in progress.

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

'Current tax payable' increased mainly due to tax provision for current period.

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

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

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

(i) **Group** (Cont'd)

Non-current liabilities

'Provisions' increased mainly due to allowance made for warranty provision.

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

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

'Other payables' increased mainly due to accrual of operating expenses.

Equity

The deficit in 'Other reserves' increased mainly due to fair value adjustments on both foreign currency forward contracts and quoted prices of available-for-sale assets.

(ii) **Company**

Non-current assets

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

'Investments in subsidiaries' increased mainly due to issue of preference shares by a subsidiary, offset by capital reduction in subsidiaries.

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

'Trade and other receivables' decreased mainly due to collections from amount due from subsidiaries.

Current assets

'Trade and other receivables' decreased mainly due to timing of receipts.

'Cash and cash equivalents' decreased mainly due to payment of interim dividends.

Current liabilities

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

'Current tax payable' increased mainly due to tax provision for current period.

Equity

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

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	3Q 2013	3Q 2012	9M 2013	9M 2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Profit for the period	138,251	119,633	392,006	386,762
Adjustments for:				
Finance income	(2,403)	(1,354)	(5,150)	(20,491)
Finance costs	2,319	819	5,843	2,320
Investment income	-	(78)	(2,228)	(3,421)
Depreciation of property, plant and equipment, net	25,884	22,481	73,024	63,255
Amortisation of intangible assets	839	839	2,517	2,517
Share of results of associates and joint ventures	(4,198)	(12,714)	(15,455)	(41,758)
Gain on disposal of property, plant and equipment, net	(1,028)	(47)	(14,769)	(388)
Gain on disposal of other long-term equity investments	-	-	-	(46)
Gain on disposal of an associate	-	-	(2,816)	-
Fair value adjustment of hedging instruments	(2,546)	(3,004)	784	(3,748)
Share-based payment expenses	4,433	4,302	12,550	17,718
Property, plant and equipment written-off	37	3	99	438
Allowance made for impairment on other long-term equity investments, net	65	(5)	70	2,561
Tax expense	32,715	19,646	84,081	80,048
Operating profit before working capital changes	194,368	150,521	530,556	485,767
Changes in working capital:				
Inventories and work-in-progress	94,330	109,637	175,126	(121,152)
Trade and other receivables	(8,545)	(293,294)	73,577	(234,134)
Trade and other payables	27,121	73,232	154,275	(188,544)
Cash generated from/(used in) operations	307,274	40,096	933,534	(58,063)
Investment and interest income received	2,440	1,414	7,457	23,889
Interest paid	(3,073)	(392)	(9,305)	(1,132)
Tax paid	(14,738)	(37,499)	(44,596)	(89,023)
Net cash generated from/(used in) operating activities	291,903	3,619	887,090	(124,329)
Cash flows from Investing Activities:				
Purchase of property, plant and equipment	(291,968)	(121,241)	(566,371)	(342,687)
Proceeds from disposal of property, plant and equipment	1,193	47	17,816	391
Proceeds from disposal of other investment	-	-	-	349
Purchase of intangible assets	-	1	-	(18)
Acquisition of subsidiary, net of cash acquired	-	1,575	-	1,575
Additional investment/acquisition of associates	(457)	-	(457)	(10,000)
Additional investment in a joint venture	(2,893)	(1,491)	(5,590)	(2,237)
Acquisition of other financial assets	(492)	-	(1,450)	-
Capital contribution by non-controlling interest	-	594	-	594
Proceeds from disposal of an associate	-	-	5,726	-
Dividend from associate	502	-	1,175	781
Net cash used in investing activities	(294,115)	(120,515)	(549,151)	(351,252)
Cash flows from Financing Activities:				
Proceeds from borrowings	50,000	50,000	300,000	50,000
Proceeds from share options exercised	149	277	890	2,238
Purchase of treasury shares	-	-	(14,794)	(4,359)
Dividends paid to owners of the Company	(104,464)	(104,382)	(271,593)	(522,060)
Dividends paid to non-controlling interests of subsidiaries	(418)	(418)	(11,518)	(7,128)
Return of unclaimed dividends	-	-	-	11
Net cash (used in)/generated from financing activities	(54,733)	(54,523)	2,985	(481,298)
Net (decrease)/increase in cash and cash equivalents	(56,945)	(171,419)	340,924	(956,879)
Cash and cash equivalents at beginning of the period	1,811,232	1,199,966	1,408,907	1,989,612
Effect of exchange rate changes on balances held in foreign currency	4,595	(12,720)	9,051	(16,906)
Cash and cash equivalents at end of the period	1,758,882	1,015,827	1,758,882	1,015,827

5. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

5a. Cash flows on acquisition of subsidiary, net of cash

The acquisition of subsidiary, net of cash, was represented by:

	Group		Group	
	3Q 2013 \$'000	3Q 2012 \$'000	9M 2013 \$'000	9M 2012 \$'000
Repayment of loan from Smulders Group (previous owner)	-	(4,947)	-	(4,947)
Less: Cash and cash equivalent in subsidiary acquired	-	6,522	-	6,522
Net cash inflow on acquisition	-	1,575	-	1,575

The fair values of net assets of subsidiary and business acquired were as follows:

	Group		Group	
	3Q 2013 \$'000	3Q 2012 \$'000	9M 2013 \$'000	9M 2012 \$'000
Identifiable assets acquired and liabilities assumed				
Property, plant and equipment	-	7,047	-	7,047
Inventories and work-in-progress	-	232	-	232
Trade and other receivables	-	6,744	-	6,744
Cash and cash equivalents	-	6,522	-	6,522
Total assets	-	20,545	-	20,545
Trade and other payables	-	(9,860)	-	(9,860)
Progress billings in excess of work-in-progress	-	(3,202)	-	(3,202)
Loan from related party	-	(4,947)	-	(4,947)
Provisions	-	(46)	-	(46)
Deferred tax liabilities	-	(127)	-	(127)
Total liabilities	-	(18,182)	-	(18,182)
Total net identifiable assets	-	2,363	-	2,363
Less: Non-controlling interests	-	(709)	-	(709)
Less: Negative goodwill	-	(1,654)	-	(1,654)
Consideration transferred for the business (amounted to £1)	-	-	-	-

5b. Cash and cash equivalents

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

	30-Sep-2013 \$'000	30-Sep-2012 \$'000
Fixed deposits	300,054	602,356
Cash and bank balances	1,458,828	413,471
	1,758,882	1,015,827

5c. Explanatory notes to Consolidated Statement of Cash Flows

(i) Third Quarter

Cash flows from operating activities before changes in working capital was \$194.4 million in 3Q 2013. Net cash generated from operating activities for 3Q 2013 increased to \$291.9 million mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 3Q 2013 was \$294.1 million. The Group spent \$292.0 million on expansion and operational capital expenditure, mainly for the Singapore and Brazil new yards.

Net cash used in financing activities for 3Q 2013 was \$54.7 million. It relates mainly to dividends paid, offset by proceeds from borrowings.

(ii) Nine Months

Cash flows from operating activities before changes in working capital was \$530.6 million in 9M 2013. Net cash generated from operating activities for 9M 2013 increased to \$887.1 million mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 9M 2013 was \$549.2 million. The Group spent \$566.4 million on expansion and operational capital expenditure, mainly for the Singapore and Brazil new yards. This is offset by proceeds from sale of property, plant and equipment of \$17.8 million.

Net cash generated from financing activities for 9M 2013 was \$3.0 million. It relates mainly to proceeds from borrowings, offset by dividends paid.

(iii) Significant non-cash transactions

During 2Q 2013, there was a reclassification of \$243.5 million from 'Inventories and work-in-progress' to 'Property, plant and equipment' for an accommodation and repair vessel ARV3 by a subsidiary.

Arising from the divestment of 30 per cent shareholding in HQSM Engineering Pte Ltd ("HQSM") (previously at 49 per cent) by a subsidiary, the retained 19 per cent equity stake in HQSM was fair valued at \$2.7 million and reclassified to 'Other financial assets'.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company						Non-controlling interests	Total Equity	
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
1H 2013									
At 1 January 2013	480,086	(3,223)	25,574	(104,782)	56,096	1,984,773	2,438,524	108,501	2,547,025
Total comprehensive income									
Profit for the period	-	-	-	-	-	243,628	243,628	10,127	253,755
Other comprehensive income									
Foreign currency translation differences	-	-	-	29,961	-	-	29,961	2,503	32,464
Net fair value changes of cash flow hedges	-	-	-	-	(42,904)	-	(42,904)	-	(42,904)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(24,624)	-	(24,624)	-	(24,624)
Total other comprehensive income	-	-	-	29,961	(67,528)	-	(37,567)	2,503	(35,064)
Total comprehensive income	-	-	-	29,961	(67,528)	243,628	206,061	12,630	218,691
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	4,202	-	-	-	(4,202)	-	-	-	-
Purchase of treasury shares	-	(14,794)	-	-	-	-	(14,794)	-	(14,794)
Issuance of treasury shares	-	15,582	-	-	(14,844)	-	738	-	738
Dividends paid	-	-	-	-	-	(167,129)	(167,129)	(11,100)	(178,229)
Cost of share-based payment - charged to profit or loss	-	-	-	-	6,160	-	6,160	-	6,160
Total transactions with owners	4,202	788	-	-	(12,886)	(167,129)	(175,025)	(11,100)	(186,125)
At 30 June 2013	484,288	(2,435)	25,574	(74,821)	(24,318)	2,061,272	2,469,560	110,031	2,579,591
3Q 2013									
Total comprehensive income									
Profit for the period	-	-	-	-	-	129,677	129,677	8,574	138,251
Other comprehensive income									
Foreign currency translation differences	-	-	-	16,796	-	-	16,796	1,589	18,385
Net fair value changes of cash flow hedges	-	-	-	-	19,864	-	19,864	-	19,864
Net fair value changes of available-for-sale financial assets	-	-	-	-	(3,681)	-	(3,681)	-	(3,681)
Total other comprehensive income	-	-	-	16,796	16,183	-	32,979	1,589	34,568
Total comprehensive income	-	-	-	16,796	16,183	129,677	162,656	10,163	172,819
Transactions with owners of the Company, recognised directly in equity									
Issuance of treasury shares	-	497	-	-	(393)	-	104	-	104
Dividends paid	-	-	-	-	-	(104,464)	(104,464)	(418)	(104,882)
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,432	-	3,432	-	3,432
Total transactions with owners	-	497	-	-	3,039	(104,464)	(100,928)	(418)	(101,346)
At 30 September 2013	484,288	(1,938)	25,574	(58,025)	(5,096)	2,086,485	2,531,288	119,776	2,651,064

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

6a. Statements of Changes in Equity for the Group (Cont'd)

	Attributable to owners of the Company							Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
1H 2012									
At 1 January 2012	470,596	(10,555)	25,574	(52,796)	13,082	1,968,356	2,414,257	91,823	2,506,080
Total comprehensive income									
Profit for the period	-	-	-	-	-	255,865	255,865	11,264	267,129
Other comprehensive income									
Foreign currency translation differences	-	-	-	(19,074)	-	-	(19,074)	(2,022)	(21,096)
Net fair value changes of cash flow hedges	-	-	-	-	9,921	-	9,921	-	9,921
Net fair value changes of available-for-sale financial assets	-	-	-	-	17,152	-	17,152	-	17,152
Total other comprehensive income	-	-	-	(19,074)	27,073	-	7,999	(2,022)	5,977
Total comprehensive income	-	-	-	(19,074)	27,073	255,865	263,864	9,242	273,106
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	9,490	-	-	-	(8,908)	-	582	-	582
Purchase of treasury shares	-	(4,359)	-	-	-	-	(4,359)	-	(4,359)
Issuance of treasury shares	-	10,815	-	-	(9,493)	-	1,322	-	1,322
Dividends paid	-	-	-	-	-	(417,678)	(417,678)	(6,710)	(424,388)
Return of unclaimed dividends	-	-	-	-	-	11	11	-	11
Cost of share-based payment - charged to profit or loss	-	-	-	-	8,357	-	8,357	-	8,357
Total transactions with owners	9,490	6,456	-	-	(10,044)	(417,667)	(411,765)	(6,710)	(418,475)
At 30 June 2012	480,086	(4,099)	25,574	(71,870)	30,111	1,806,554	2,266,356	94,355	2,360,711
3Q 2012									
Total comprehensive income									
Profit for the period	-	-	-	-	-	115,512	115,512	4,121	119,633
Other comprehensive income									
Foreign currency translation differences	-	-	-	(31,482)	-	-	(31,482)	(3,663)	(35,145)
Net fair value changes of cash flow hedges	-	-	-	-	36,038	-	36,038	-	36,038
Net fair value changes of available-for-sale financial assets	-	-	-	-	(4,156)	-	(4,156)	-	(4,156)
Total other comprehensive income	-	-	-	(31,482)	31,882	-	400	(3,663)	(3,263)
Total comprehensive income	-	-	-	(31,482)	31,882	115,512	115,912	458	116,370
Transactions with owners of the Company, recognised directly in equity									
Issuance of treasury shares	-	673	-	-	(405)	-	268	-	268
Dividends paid	-	-	-	-	-	(104,382)	(104,382)	(418)	(104,800)
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,977	-	3,977	-	3,977
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	594	594
Total transactions with owners	-	673	-	-	3,572	(104,382)	(100,137)	176	(99,961)
At 30 September 2012	480,086	(3,426)	25,574	(103,352)	65,565	1,817,684	2,282,131	94,989	2,377,120

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1H 2013						
At 1 January 2013	480,086	(3,223)	960	30,846	385,955	894,624
Total comprehensive income						
Profit for the period	-	-	-	-	175,056	175,056
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(19,298)	-	(19,298)
Total other comprehensive income	-	-	-	(19,298)	-	(19,298)
Total comprehensive income	-	-	-	(19,298)	175,056	155,758
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	4,202	-	-	(4,202)	-	-
Purchase of treasury shares	-	(14,794)	-	-	-	(14,794)
Issuance of treasury shares	-	15,582	-	(14,841)	-	741
Dividends paid	-	-	-	-	(167,129)	(167,129)
Cost of share-based payment						
- charged to profit or loss	-	-	-	1,194	-	1,194
- issued to employees of subsidiaries	-	-	-	4,966	-	4,966
Total transactions with owners	4,202	788	-	(12,883)	(167,129)	(175,022)
At 30 June 2013	484,288	(2,435)	960	(1,335)	393,882	875,360
3Q 2013						
Total comprehensive income						
Profit for the period	-	-	-	-	114,588	114,588
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(4,926)	-	(4,926)
Total other comprehensive income	-	-	-	(4,926)	-	(4,926)
Total comprehensive income	-	-	-	(4,926)	114,588	109,662
Transactions with owners of the Company, recognised directly in equity						
Issuance of treasury shares	-	497	-	(348)	-	149
Dividends paid	-	-	-	-	(104,464)	(104,464)
Cost of share-based payment						
- charged to profit or loss	-	-	-	642	-	642
- issued to employees of subsidiaries	-	-	-	2,790	-	2,790
Total transactions with owners	-	497	-	3,084	(104,464)	(100,883)
At 30 September 2013	484,288	(1,938)	960	(3,177)	404,006	884,139

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

6b. Statements of Changes in Equity of the Company (Cont'd)

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1H 2012						
At 1 January 2012	470,596	(10,555)	960	24,767	429,483	915,251
Total comprehensive income						
Profit for the period	-	-	-	-	380,718	380,718
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	11,146	-	11,146
Total other comprehensive income	-	-	-	11,146	-	11,146
Total comprehensive income	-	-	-	11,146	380,718	391,864
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	9,490	-	-	(8,908)	-	582
Purchase of treasury shares	-	(4,359)	-	-	-	(4,359)
Issuance of treasury shares	-	10,815	-	(9,436)	-	1,379
Dividends paid	-	-	-	-	(417,678)	(417,678)
Return of unclaimed dividends	-	-	-	-	11	11
Cost of share-based payment	-	-	-	1,847	-	1,847
- charged to profit or loss	-	-	-	5,080	-	5,080
- issued to employees of subsidiaries	-	-	-	-	-	-
Total transactions with owners	9,490	6,456	-	(11,417)	(417,667)	(413,138)
At 30 June 2012	480,086	(4,099)	960	24,496	392,534	893,977
3Q 2012						
Total comprehensive income						
Profit for the period	-	-	-	-	98,519	98,519
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(3,663)	-	(3,663)
Total other comprehensive income	-	-	-	(3,663)	-	(3,663)
Total comprehensive income	-	-	-	(3,663)	98,519	94,856
Transactions with owners of the Company, recognised directly in equity						
Issuance of treasury shares	-	673	-	(396)	-	277
Dividends paid	-	-	-	-	(104,382)	(104,382)
Cost of share-based payment	-	-	-	715	-	715
- charged to profit or loss	-	-	-	4,692	-	4,692
- issued to employees of subsidiaries	-	-	-	-	-	-
Total transactions with owners	-	673	-	5,011	(104,382)	(98,698)
At 30 September 2012	480,086	(3,426)	960	25,844	386,671	890,135

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

During 3Q 2013, the Company did not issue any ordinary shares (3Q 2012: Nil) 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 Share Plan ("RSP").

As at 30 September 2013, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,318,267 (31 December 2012: 2,087,787,225) ordinary shares.

(ii) Share Options

During 3Q 2013, 105,895 (3Q 2012: 126,550) share options under the SOP were exercised and settled by way of issuance of treasury shares and no (3Q 2012: Nil) share options exercised were settled by way of issuance of new shares.

In 3Q 2013, 53,200 (3Q 2012: 4,200) share options lapsed.

As at 30 September 2013, there were 2,183,392 (30 September 2012: 2,768,607) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

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 2013 was 1,915,000 (30 September 2012: 1,865,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,872,500 (30 September 2012: 2,797,500) performance shares.

(iv) Restricted Shares

In 3Q 2013, there was no (3Q 2012: 1,800) restricted shares awarded under the RSP.

During 3Q 2013, 18,733 (3Q 2012: 27,800) restricted shares were released under the RSP and 168,365 (3Q 2012: 63,500) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 September 2013 was 8,566,640 (30 September 2012: 9,718,630). 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 2013 was 5,253,790 (30 September 2012: 5,731,600). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 7,880,685 (30 September 2012: 8,597,400) restricted shares.

(v) Treasury Shares

During 3Q 2013, the Company acquired 12,000 (3Q 2012: Nil) ordinary shares in the Company by way of on-market purchases.

In 3Q 2013, 124,628 (3Q 2012: 154,350) treasury shares were re-issued pursuant to the SOP and RSP.

As at 30 September 2013, 441,840 (30 September 2012: 786,150) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

7. AUDIT

The figures have not been audited or reviewed by the Company's auditors. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2013.

Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Revised FRS 19	Employee Benefits
FRS 113	Fair Value Measurement
Amendments to FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities
Improvements to FRSs 2012	
- Amendments to FRS 1	Presentation of Financial Statements
- Amendments to FRS 16	Property, Plant and Equipment
- Amendments to FRS 32	Financial Instruments: Presentation

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

11. REVIEW OF GROUP PERFORMANCE

(i) Turnover

	3Q 2013	3Q 2012	+ / (-)	+ / (-)	9M 2013	9M 2012	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rig Building	1,141.7	428.4	713.3	n.m.	2,367.3	1,486.1	881.2	59.3
Offshore and Conversion	271.1	300.2	(29.1)	(9.7)	890.3	1,065.3	(175.0)	(16.4)
Repair	203.8	152.6	51.2	33.6	517.7	474.3	43.4	9.2
Other Activities	42.2	11.2	31.0	n.m.	57.8	26.3	31.5	n.m.
	1,658.8	892.4	766.4	85.9	3,833.1	3,052.0	781.1	25.6

Group turnover for 3Q 2013 increased mainly due to the higher revenue recognition for rig building projects.

Group turnover for 9M 2013 increased by 26% mainly due to higher revenue recognition for rig building projects offset by lower revenue recognition for offshore and conversion projects.

(ii) Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 3Q 2013 was higher mainly due to higher operating profit and foreign exchange gain, offset by lower contribution from associates and joint ventures.

Group profit attributable to owners of the Company for 9M 2013 was higher mainly due to higher operating profit, offset by lower interest income and lower contribution from associates and joint ventures.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The Group has secured contract orders worth a total of \$3.9 billion (excluding repairs) since the start of the year, growing the Group's net order book from \$12.7 billion as at end 2012 to \$13.5 billion, with completion and deliveries extending till 2019.

The long-term industry fundamentals for the offshore and marine sector remain sound underpinned by exploration activities with increasing interests in harsh environment and field development programmes. Demand for high specification and ultra-deepwater rigs with advanced technical features are expected to remain strong. Sembcorp Marine with its track record and proven capabilities is well-positioned to benefit from the opportunities in this sector.

Sembmarine Integrated Yard @ Tuas commenced operations in August 2013. The integrated yard is equipped with 4 VLCC size drydocks with a total capacity of 1.55 million deadweight tonnes as well as finger piers and basin lengths totalling 3.9 kilometres. The new yard is capable of undertaking FPSO conversions as well as servicing a wide range of vessels, including VLCCs, new generation of mega containerships, LNG carriers, cruise ships, semi-submersible rigs, offshore vessels and fixed platforms.

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

14. DIVIDEND

There is no dividend recommended for the period ended 30 September 2013.

15. SEGMENTAL REPORTING

9M 2013

(i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	3,780,672	29,679	22,783	-	3,833,134
Inter-segment sales	-	-	168,454	(168,454)	-
Total	3,780,672	29,679	191,237	(168,454)	3,833,134
Results					
Segment results	443,995	661	11,695	-	456,351
Finance income	5,078	-	72	-	5,150
Finance costs	(5,843)	-	-	-	(5,843)
Investment income	-	-	2,228	-	2,228
Non-operating income	2,816	-	-	-	2,816
Non-operating expenses	(70)	-	-	-	(70)
Share of results of associates and joint ventures	7,969	6,033	1,453	-	15,455
Profit before tax	453,945	6,694	15,448	-	476,087
Tax expense	(81,789)	(312)	(1,980)	-	(84,081)
Profit for the period	372,156	6,382	13,468	-	392,006
Assets					
Segment assets	6,185,784	285,969	142,705	-	6,614,458
Investments in associates and joint ventures	394,549	50,006	4,304	-	448,859
Deferred tax assets	1,003	-	2,219	-	3,222
Tax recoverable	104	-	-	-	104
Total assets	6,581,440	335,975	149,228	-	7,066,643
Liabilities					
Segment liabilities	4,128,232	5,367	24,660	-	4,158,259
Deferred tax liabilities	118,112	-	7,521	-	125,633
Current tax payable	129,572	-	2,115	-	131,687
Total liabilities	4,375,916	5,367	34,296	-	4,415,579
Capital expenditure	566,331	-	40	-	566,371
Significant non-cash item					
Depreciation and amortisation	72,950	1,871	720	-	75,541
Assets written-off	99	-	-	-	99

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	302,971	1,682,448	5,872,901	298,780
China	778	377,939	378,033	2
Rest of ASEAN, Australia & India	816,801	139,133	201,229	12,007
Middle East & Africa	79,396	-	-	-
Norway	786,925	-	-	-
The Netherlands	218,234	241,661	275,732	-
Rest of Europe	156,158	6,796	22,104	387
Brazil	8,760	285,038	311,316	255,195
U.S.A.	1,113,081	3,828	5,328	-
Other Countries	350,030	-	-	-
Total	3,833,134	2,736,843	7,066,643	566,371

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.

15. SEGMENTAL REPORTING (Cont'd)

9M 2012

(i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	3,036,301	-	15,665	-	3,051,966
Inter-segment sales	-	-	149,691	(149,691)	-
Total	3,036,301	-	165,356	(149,691)	3,051,966
Results					
Segment results	400,240	(215)	5,950	-	405,975
Finance income	20,462	-	29	-	20,491
Finance costs	(2,320)	-	-	-	(2,320)
Investment income	78	-	3,343	-	3,421
Non-operating income	-	-	46	-	46
Non-operating expenses	(2,561)	-	-	-	(2,561)
Share of results of associates and joint ventures	32,910	7,332	1,516	-	41,758
Profit before tax	448,809	7,117	10,884	-	466,810
Tax expense	(79,024)	5	(1,029)	-	(80,048)
Profit for the period	369,785	7,122	9,855	-	386,762
Assets					
Segment assets	4,720,260	14,342	177,301	-	4,911,903
Investments in associates and joint ventures	359,357	44,720	2,823	-	406,900
Deferred tax assets	3	-	929	-	932
Tax recoverable	80	-	-	-	80
Total assets	5,079,700	59,062	181,053	-	5,319,815
Liabilities					
Segment liabilities	2,674,620	4	17,088	-	2,691,712
Deferred tax liabilities	86,370	-	9,950	-	96,320
Current tax payable	112,145	-	42,518	-	154,663
Total liabilities	2,873,135	4	69,556	-	2,942,695
Capital expenditure	342,634	-	71	-	342,705
Significant non-cash item					
Depreciation and amortisation	64,948	-	824	-	65,772
Assets written-off	438	-	-	-	438

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	288,868	1,337,437	4,766,711	308,427
China	2,092	332,657	332,675	32
Rest of ASEAN, Australia & India	527,447	114,061	161,466	20,535
Middle East & Africa	461,241	-	-	-
Norway	919,986	-	-	-
Rest of Europe	167,967	4,544	21,633	-
Brazil	595	26,849	32,001	13,711
U.S.A.	526,762	3,711	5,329	-
Other Countries	157,008	-	-	-
Total	3,051,966	1,819,259	5,319,815	342,705

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.

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

15a. **Explanatory notes to Segmental Reporting**

(i) Business segments

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

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

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

(ii) Geographical segments

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

(iii) Review of segment performance

Please refer to paragraph 11.

16. **INTERESTED PERSON TRANSACTIONS**

	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
	9M 2013	9M 2012
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	2,757	1,705
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	2,422	2,218
PSA International Pte Ltd and its associates	650	105
Singapore Technologies Engineering Ltd and its associates	744	106
Singapore Technologies Telemedia Pte Ltd and its associates	-	370
Management and Support Services		
Sembcorp Industries Limited	188	188
Total Interested Person Transactions	6,761	4,692

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 2013 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

5 November 2013