



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014**

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 2014.

**1. CONSOLIDATED INCOME STATEMENT**

		Group			Group		
	Note	3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>1,711,564</b>	<b>1,658,765</b>	<b>3.2</b>	<b>4,387,663</b>	<b>3,833,134</b>	<b>14.5</b>
Cost of sales	2a	(1,507,042)	(1,478,937)	1.9	(3,818,672)	(3,354,646)	13.8
<b>Gross profit</b>	<b>2a</b>	<b>204,522</b>	<b>179,828</b>	<b>13.7</b>	<b>568,991</b>	<b>478,488</b>	<b>18.9</b>
Other operating income	2b	18,571	19,232	(3.4)	35,139	75,915	(53.7)
Other operating expenses	2b	(12,195)	1,867	n.m.	(20,938)	(1,679)	n.m.
General and administrative expenses	2c	(39,539)	(34,178)	15.7	(108,544)	(96,373)	12.6
<b>Operating profit</b>		<b>171,359</b>	<b>166,749</b>	<b>2.8</b>	<b>474,648</b>	<b>456,351</b>	<b>4.0</b>
Finance income	2d	2,246	2,403	(6.5)	7,574	5,150	47.1
Finance costs	2e	(5,420)	(2,319)	n.m.	(11,475)	(5,843)	96.4
Investment income	2f	-	-	-	1,192	2,228	(46.5)
Non-operating income	2g	147	-	n.m.	147	2,816	(94.8)
Non-operating expenses	2g	116	(65)	n.m.	-	(70)	n.m.
Share of results of associates and joint ventures	2h	3,390	4,198	(19.2)	20,869	15,455	35.0
<b>Profit before tax</b>		<b>171,838</b>	<b>170,966</b>	<b>0.5</b>	<b>492,955</b>	<b>476,087</b>	<b>3.5</b>
Tax expense	2i	(32,601)	(32,715)	(0.3)	(85,152)	(84,081)	1.3
<b>Profit for the period</b>		<b>139,237</b>	<b>138,251</b>	<b>0.7</b>	<b>407,803</b>	<b>392,006</b>	<b>4.0</b>
<b>Profit attributable to:</b>							
Owners of the Company		<b>132,005</b>	<b>129,677</b>	<b>1.8</b>	<b>386,082</b>	<b>373,305</b>	<b>3.4</b>
Non-controlling interests		7,232	8,574	(15.7)	21,721	18,701	16.1
<b>Profit for the period</b>		<b>139,237</b>	<b>138,251</b>	<b>0.7</b>	<b>407,803</b>	<b>392,006</b>	<b>4.0</b>
<b>Earnings per share (cents)</b>	2j						
Basic		6.32	6.21	1.8	18.49	17.87	3.5
Diluted		6.32	6.20	1.9	18.49	17.86	3.5

n.m.: not meaningful

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

		Group			Group		
		3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
Turnover	(i)	1,711,564	1,658,765	3.2	4,387,663	3,833,134	14.5
Cost of sales		(1,507,042)	(1,478,937)	1.9	(3,818,672)	(3,354,646)	13.8
Gross profit	(ii)	204,522	179,828	13.7	568,991	478,488	18.9
<i>Included in cost of sales:</i>							
Depreciation and amortisation		(27,235)	(25,842)	5.4	(81,253)	(72,957)	11.4
(Allowance for)/write-back of inventory obsolescence		(34)	(34)	-	279	(103)	n.m.

- (i) Group turnover for 3Q 2014 and 9M 2014 increased mainly due to the higher revenue recognition for rig building and offshore and conversion projects.
- (ii) Gross profit for 3Q 2014 and 9M 2014 was higher mainly due to contribution from higher turnover for rig building and offshore and conversion projects.

### 2b. Other operating income/(expenses)

		Group			Group		
		3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
Other operating income		18,571	19,232	(3.4)	35,139	75,915	(53.7)
Other operating expenses		(12,195)	1,867	n.m.	(20,938)	(1,679)	n.m.
		6,376	21,099	(69.8)	14,201	74,236	(80.9)
<i>Included in other operating income/(expenses):</i>							
Foreign exchange (loss)/gain, net	(i)	(12,665)	12,408	n.m.	(20,673)	28,555	n.m.
Fair value adjustment on hedging instruments	(ii)	8,978	2,546	n.m.	8,373	(784)	n.m.
Gain on disposal of property, plant and equipment, net		14	1,028	(98.6)	67	14,769	(99.5)
Other income	(iii)	10,184	5,796	75.7	26,699	32,591	(18.1)
Other expenses		(135)	(679)	(80.1)	(265)	(895)	(70.4)
		6,376	21,099	(69.8)	14,201	74,236	(80.9)

- (i) Foreign exchange loss in 3Q 2014 and 9M 2014 mainly arose from the revaluation of assets and liabilities 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 was higher in 3Q 2014 mainly due to higher sales of scrap and rental income. Higher other income in 9M 2013 was mainly due to settlement of claims.

### 2c. General and administrative expenses

		Group			Group		
		3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
General and administrative expenses	(i)	(39,539)	(34,178)	15.7	(108,544)	(96,373)	12.6
<i>Included in general and administrative expenses:</i>							
Depreciation and amortisation		(945)	(881)	7.3	(2,576)	(2,584)	(0.3)
(Allowance for)/write-back of doubtful debts and bad debts		(199)	674	n.m.	(120)	452	n.m.

- (i) Higher general and administrative expenses in 3Q 2014 and 9M 2014 were mainly due to higher personnel related costs from the Brazil shipyard and higher professional fees.

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

### 2d. Finance income

Lower finance income in 3Q 2014 was mainly due to lower interest income from lower bank balances as compared to 3Q 2013. Higher finance income in 9M 2014 was mainly due to higher interest rates and bank balances.

### 2e. Finance costs

	Group			Group		
	3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
Finance costs	(5,420)	(2,319)	n.m.	(11,475)	(5,843)	96.4
<i>Included in finance costs:</i>						
Interest expense (i)	(4,822)	(1,872)	n.m.	(9,759)	(4,301)	n.m.
Commitment and facility fees	(598)	(447)	33.8	(1,716)	(1,542)	11.3
	(5,420)	(2,319)	n.m.	(11,475)	(5,843)	96.4

(i) Higher interest expense in 3Q 2014 and 9M 2014 was mainly due to higher bank borrowings as compared to the corresponding period in 2013.

### 2f. Investment income

Lower investment income in 9M 2014 was mainly due to lower dividend received from quoted investments.

### 2g. Non-operating income/(expenses)

	Group			Group		
	3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
Non-operating income	147	-	n.m.	147	2,816	(94.8)
Non-operating expenses	116	(65)	n.m.	-	(70)	n.m.
	263	(65)	n.m.	147	2,746	(94.6)
<i>Included in non-operating income/(expenses):</i>						
Changes in fair value of other long-term equity investments	263	(65)	n.m.	147	(70)	n.m.
Gain on disposal of an associate	-	-	-	-	2,816	n.m.
	263	(65)	n.m.	147	2,746	(94.6)

### 2h. Share of results of associates and joint ventures

The share of results of associates and joint ventures decreased in 3Q 2014 and increased in 9M 2014 mainly due to the contribution from associates which decreased in 3Q 2014 and increased in 9M 2014 as compared to the corresponding periods in 2013.

### 2i. Tax expense

	Group			Group		
	3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
Tax expense	(32,601)	(32,715)	(0.3)	(85,152)	(84,081)	1.3
<i>Included in tax expense:</i>						
Write-back/(under provision) of tax in respect of prior years, net	27	(12)	n.m.	68	1,053	(93.5)

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

**2j. Earnings per ordinary share**

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	3Q 2014	3Q 2013	+ / (-) %	9M 2014	9M 2013	+ / (-) %
(i) Based on the weighted average number of shares (cents)	6.32	6.21	1.8	18.49	17.87	3.5
Weighted average number of shares ('000)	2,089,138	2,089,234	n.m.	2,087,763	2,088,517	n.m.
(ii) On a fully diluted basis (cents)	6.32	6.20	1.9	18.49	17.86	3.5
Adjusted weighted average number of shares ('000)	2,089,880	2,090,366	n.m.	2,088,505	2,089,649	(0.1)

**2k. Profitability ratios**

	Group			Group		
	3Q 2014 %	3Q 2013 %	+ / (-) %	9M 2014 %	9M 2013 %	+ / (-) %
Profit after taxation as a percentage of Turnover	8.14	8.33	(2.3)	9.29	10.23	(9.2)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	4.74	5.12	(7.4)	13.88	14.75	(5.9)

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group			Group		
	Note	3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	9M 2014 \$'000	9M 2013 \$'000	+ / (-) %
<b>Profit for the period</b>		<b>139,237</b>	<b>138,251</b>	<b>0.7</b>	<b>407,803</b>	<b>392,006</b>	<b>4.0</b>
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences	3a(i)	15,136	18,385	(17.7)	5,275	50,849	(89.6)
Net change in fair value of cash flow hedges	3a(ii)	(13,514)	19,864	n.m.	(1,933)	(23,040)	(91.6)
Net change in fair value of available-for-sale financial assets	3a(iii)	(15,475)	(3,681)	n.m.	(10,107)	(28,305)	(64.3)
Other comprehensive income for the period, net of tax		(13,853)	34,568	n.m.	(6,765)	(496)	n.m.
<b>Total comprehensive income for the period</b>		<b>125,384</b>	<b>172,819</b>	<b>(27.4)</b>	<b>401,038</b>	<b>391,510</b>	<b>2.4</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		116,738	162,656	(28.2)	378,362	368,717	2.6
Non-controlling interests		8,646	10,163	(14.9)	22,676	22,793	(0.5)
<b>Total comprehensive income for the period</b>		<b>125,384</b>	<b>172,819</b>	<b>(27.4)</b>	<b>401,038</b>	<b>391,510</b>	<b>2.4</b>

#### 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 and interest rate swap.
- (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-2014 \$'000	31-Dec-2013 \$'000	30-Sep-2014 \$'000	31-Dec-2013 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	2,896,469	2,394,167	89,070	87,744
Investment properties	-	-	23,058	24,632
Investments in subsidiaries	-	-	501,400	506,791
Investments in associates and joint ventures	461,404	445,743	107,369	107,369
Other financial assets	103,000	107,166	66,668	68,666
Trade and other receivables	42,259	44,482	46,977	74,374
Intangible assets	53,010	30,341	184	184
Deferred tax assets	9,178	7,108	-	-
	3,565,320	3,029,007	834,726	869,760
<b>Current assets</b>				
Inventories and work-in-progress	2,281,939	2,083,586	-	-
Trade and other receivables	445,742	442,410	56,544	52,951
Tax recoverable	300	196	-	-
Other financial assets	11,012	-	-	-
Cash and cash equivalents	1,558,112	1,694,901	31,018	49,860
	4,297,105	4,221,093	87,562	102,811
<b>Total assets</b>	7,862,425	7,250,100	922,288	972,571
<b>Current liabilities</b>				
Trade and other payables	1,616,158	1,781,118	11,365	18,553
Progress billings in excess of work-in-progress	1,206,480	1,440,812	-	-
Provisions	15,332	23,057	-	-
Other financial liabilities	21,751	8,775	-	-
Current tax payable	101,473	110,533	3,873	5,080
Interest-bearing borrowings	290,300	166,111	-	-
	3,251,494	3,530,406	15,238	23,633
<b>Net current assets</b>	1,045,611	690,687	72,324	79,178
<b>Non-current liabilities</b>				
Deferred tax liabilities	142,812	123,066	12,064	12,064
Provisions	98,256	96,573	27,895	27,895
Other financial liabilities	3,092	10,523	-	-
Interest-bearing borrowings	1,357,414	600,000	-	-
Other payables	85,512	80,020	19,233	19,233
	1,687,086	910,182	59,192	59,192
<b>Total liabilities</b>	4,938,580	4,440,588	74,430	82,825
<b>Net assets</b>	<b>2,923,845</b>	<b>2,809,512</b>	<b>847,858</b>	<b>889,746</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(85,605)	(76,179)	(12,735)	(4,051)
Revenue reserve	2,383,409	2,268,927	376,305	409,509
	2,782,092	2,677,036	847,858	889,746
<b>Non-controlling interests</b>	141,753	132,476	-	-
<b>Total equity</b>	<b>2,923,845</b>	<b>2,809,512</b>	<b>847,858</b>	<b>889,746</b>

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

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

Interest-bearing borrowings:	As at 30-Sep-2014	As at 31-Dec-2013
	\$'000	\$'000
(i) <b><u>Amount repayable in one year or less, or on demand</u></b> Unsecured	290,300	166,111
(ii) <b><u>Amount repayable after one year</u></b> Unsecured	1,357,414	600,000

##### 4b. **Net asset value**

	Group		Company	
	30-Sep-2014	31-Dec-2013	30-Sep-2014	31-Dec-2013
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	133.16	128.21	40.58	42.61

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

###### (i) **Group**

###### **Non-current assets**

'Property, plant and equipment' increased mainly due to capital expenditures for the new shipyard in Brazil.

'Intangible assets' increased mainly due to the acquisition of the full range of Sembmarine SSP Inc. intellectual property and proprietary products of next-generation SSP floaters.

'Deferred tax assets' increased mainly due to provision made during the period.

###### **Current assets**

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

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

'Other financial assets' increased mainly due to fair value adjustments on foreign currency forward contracts.

###### **Current liabilities**

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

'Provisions' decreased mainly due to net write back of allowance made for warranty provision.

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

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

###### **Non-current liabilities**

'Deferred tax liabilities' increased mainly due to the tax effects of capital expenditures incurred.

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

'Interest-bearing borrowings' increased mainly due to the issuance of \$600 million Fixed Rate Notes and borrowings for capital expenditures for the Sembmarine Integrated Yard @Tuas.

###### **Equity**

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



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

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

**(ii) Company**

**Non-current assets**

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

**Current assets**

'Cash and cash equivalents' decreased mainly due to dividends paid.

**Current liabilities**

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

'Current tax payable' decreased mainly due to payments made during the year, offset by current period tax provision.

**Equity**

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

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	3Q 2014	3Q 2013	9M 2014	9M 2013
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from Operating Activities:</b>				
Profit for the period	139,237	138,251	407,803	392,006
Adjustments for:				
Finance income	(2,246)	(2,403)	(7,574)	(5,150)
Finance costs	5,420	2,319	11,475	5,843
Investment income	-	-	(1,192)	(2,228)
Depreciation of property, plant and equipment	27,341	25,884	81,312	73,024
Amortisation of intangible assets	839	839	2,517	2,517
Share of results of associates and joint ventures	(3,390)	(4,198)	(20,869)	(15,455)
Gain on disposal of property, plant and equipment, net	(14)	(1,028)	(67)	(14,769)
Gain on disposal of an associate	-	-	-	(2,816)
Fair value adjustments of hedging instruments	(8,978)	(2,546)	(8,373)	784
Share-based payment expenses	7,699	4,433	13,193	12,550
Assets written-off	(21)	37	76	99
Changes in fair value of other long-term equity investments, net	(263)	65	(147)	70
Tax expense	32,601	32,715	85,152	84,081
Operating profit before working capital changes	198,225	194,368	563,306	530,556
Changes in working capital:				
Inventories and work-in-progress	(855,982)	94,330	(432,685)	175,126
Trade and other receivables	4,327	(8,545)	(976)	73,577
Trade and other payables	78,666	27,121	(196,017)	154,275
Cash (used in)/generated from operations	(574,764)	307,274	(66,372)	933,534
Investment and interest income received	2,211	2,440	8,633	7,457
Interest paid	(7,139)	(3,073)	(14,031)	(9,305)
Tax paid	(29,244)	(14,738)	(72,663)	(44,596)
Net cash (used in)/generated from operating activities	(608,936)	291,903	(144,433)	887,090
<b>Cash flows from Investing Activities:</b>				
Purchase of property, plant and equipment	(216,568)	(291,968)	(523,036)	(566,371)
Proceeds from sale of property, plant and equipment	31	1,193	297	17,816
Purchase of intangible assets	(25,186)	-	(25,186)	-
Additional investment in an associate	-	(457)	-	(457)
Additional investment in a joint venture	-	(2,893)	-	(5,590)
Acquisition of other financial assets	(22)	(492)	(5,418)	(1,450)
Proceeds from disposal of an associate	-	-	-	5,726
Dividend from associate	-	502	-	1,175
Net cash used in investing activities	(241,745)	(294,115)	(553,343)	(549,151)
<b>Cash flows from Financing Activities:</b>				
Proceeds from borrowings	727,195	50,000	1,099,730	300,000
Repayment of borrowings	(33,912)	-	(233,912)	-
Proceeds from share options exercised	267	149	668	890
Purchase of treasury shares	-	-	(11,555)	(14,794)
Dividends paid to owners of the Company	(104,459)	(104,464)	(271,605)	(271,593)
Dividends paid to non-controlling interests of subsidiaries	(502)	(418)	(13,399)	(11,518)
Return of unclaimed dividends	-	-	5	-
Net cash generated from/(used in) financing activities	588,589	(54,733)	569,932	2,985
<b>Net (decrease)/increase in cash and cash equivalents</b>	(262,092)	(56,945)	(127,844)	340,924
<b>Cash and cash equivalents at beginning of the period</b>	1,820,899	1,811,232	1,694,901	1,408,907
Effect of exchange rate changes on balances held in foreign currencies	(2,660)	4,595	(10,910)	9,051
<b>Cash and cash equivalents at end of the period</b>	<b>1,556,147</b>	<b>1,758,882</b>	<b>1,556,147</b>	<b>1,758,882</b>

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

### 5a. Cash and cash equivalents

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

	30-Sep-2014 \$'000	30-Sep-2013 \$'000
Fixed deposits	351,972	300,054
Cash and bank balances	1,206,140	1,458,828
Cash and cash equivalents in balance sheets	1,558,112	1,758,882
Bank overdrafts	(1,965)	-
Cash and cash equivalents in statement of cash flows	1,556,147	1,758,882

### 5b. Explanatory notes to Consolidated Statement of Cash Flows

#### (i) Third Quarter

Cash flows from operating activities before changes in working capital was \$198.2 million in 3Q 2014. Net cash used in operating activities for 3Q 2014 at \$608.9 million was mainly due to working capital for the ongoing projects.

Net cash used in investing activities for 3Q 2014 was \$241.7 million. The Group spent \$216.6 million on expansion and operational capital expenditure, mainly for the Brazil new yard.

Net cash generated from financing activities for 3Q 2014 was \$588.6 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

#### (ii) Nine Months

Cash flows from operating activities before changes in working capital was \$563.3 million in 9M 2014. Net cash used in operating activities for 9M 2014 at \$144.4 million was mainly due to working capital for the ongoing project.

Net cash used in investing activities for 9M 2014 was \$553.3 million. The Group spent \$523.0 million on expansion and operational capital expenditure, mainly for the Brazil new yard.

Net cash generated from financing activities for 9M 2014 was \$569.9 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

#### (iii) Significant non-cash transactions

Purchase of property, plant and equipment excludes accrued capital expenditure of \$65.8 million for the Brazil new yard.

In 9M 2013, there was a reclassification of \$243.5 million from 'Inventories and work-in-progress' to 'Property, plant and equipment' for a vessel 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 in 9M 2Q 2013, the retained 19 per cent equity stake in HQSM was fair valued at \$2.7 million and reclassified to 'Other financial assets' during 9M 2013.

## 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			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>1H 2014</b>									
<b>At 1 January 2014</b>	<b>484,288</b>	<b>(7,759)</b>	<b>25,574</b>	<b>(67,406)</b>	<b>(26,588)</b>	<b>2,268,927</b>	<b>2,677,036</b>	<b>132,476</b>	<b>2,809,512</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	254,077	254,077	14,489	268,566
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	(9,402)	-	-	(9,402)	(459)	(9,861)
Net fair value changes of cash flow hedges	-	-	-	-	11,581	-	11,581	-	11,581
Net fair value changes of available-for-sale financial assets	-	-	-	-	5,368	-	5,368	-	5,368
Total other comprehensive income	-	-	-	(9,402)	16,949	-	7,547	(459)	7,088
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,402)</b>	<b>16,949</b>	<b>254,077</b>	<b>261,624</b>	<b>14,030</b>	<b>275,654</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(11,555)	-	-	-	-	(11,555)	-	(11,555)
Issuance of treasury shares	-	16,555	-	-	(16,178)	-	377	-	377
Dividends paid	-	-	-	-	-	(167,146)	(167,146)	(12,897)	(180,043)
Return of unclaimed dividends	-	-	-	-	-	5	5	-	5
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,904	-	3,904	-	3,904
<b>Total transactions with owners</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>(12,274)</b>	<b>(167,141)</b>	<b>(174,415)</b>	<b>(12,897)</b>	<b>(187,312)</b>
<b>At 30 June 2014</b>	<b>484,288</b>	<b>(2,759)</b>	<b>25,574</b>	<b>(76,808)</b>	<b>(21,913)</b>	<b>2,355,863</b>	<b>2,764,245</b>	<b>133,609</b>	<b>2,897,854</b>
<b>3Q 2014</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	132,005	132,005	7,232	139,237
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	13,722	-	-	13,722	1,414	15,136
Net fair value changes of cash flow hedges	-	-	-	-	(13,514)	-	(13,514)	-	(13,514)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(15,475)	-	(15,475)	-	(15,475)
Total other comprehensive income	-	-	-	13,722	(28,989)	-	(15,267)	1,414	(13,853)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,722</b>	<b>(28,989)</b>	<b>132,005</b>	<b>116,738</b>	<b>8,646</b>	<b>125,384</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issuance of treasury shares	-	794	-	-	(527)	-	267	-	267
Dividends paid	-	-	-	-	-	(104,459)	(104,459)	(502)	(104,961)
Cost of share-based payment - charged to profit or loss	-	-	-	-	5,301	-	5,301	-	5,301
<b>Total transactions with owners</b>	<b>-</b>	<b>794</b>	<b>-</b>	<b>-</b>	<b>4,774</b>	<b>(104,459)</b>	<b>(98,891)</b>	<b>(502)</b>	<b>(99,393)</b>
<b>At 30 September 2014</b>	<b>484,288</b>	<b>(1,965)</b>	<b>25,574</b>	<b>(63,086)</b>	<b>(46,128)</b>	<b>2,383,409</b>	<b>2,782,092</b>	<b>141,753</b>	<b>2,923,845</b>

## 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	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	
<b>1H 2013</b>									
<b>At 1 January 2013</b>	<b>480,086</b>	<b>(3,223)</b>	<b>25,574</b>	<b>(104,782)</b>	<b>56,096</b>	<b>1,984,773</b>	<b>2,438,524</b>	<b>108,501</b>	<b>2,547,025</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	243,628	243,628	10,127	253,755
<b>Other comprehensive income</b>									
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)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,961</b>	<b>(67,528)</b>	<b>243,628</b>	<b>206,061</b>	<b>12,630</b>	<b>218,691</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
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
<b>Total transactions with owners</b>	<b>4,202</b>	<b>788</b>	<b>-</b>	<b>-</b>	<b>(12,886)</b>	<b>(167,129)</b>	<b>(175,025)</b>	<b>(11,100)</b>	<b>(186,125)</b>
<b>At 30 June 2013</b>	<b>484,288</b>	<b>(2,435)</b>	<b>25,574</b>	<b>(74,821)</b>	<b>(24,318)</b>	<b>2,061,272</b>	<b>2,469,560</b>	<b>110,031</b>	<b>2,579,591</b>
<b>3Q 2013</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	129,677	129,677	8,574	138,251
<b>Other comprehensive income</b>									
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
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,796</b>	<b>16,183</b>	<b>129,677</b>	<b>162,656</b>	<b>10,163</b>	<b>172,819</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
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
<b>Total transactions with owners</b>	<b>-</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>3,039</b>	<b>(104,464)</b>	<b>(100,928)</b>	<b>(418)</b>	<b>(101,346)</b>
<b>At 30 September 2013</b>	<b>484,288</b>	<b>(1,938)</b>	<b>25,574</b>	<b>(58,025)</b>	<b>(5,096)</b>	<b>2,086,485</b>	<b>2,531,288</b>	<b>119,776</b>	<b>2,651,064</b>

## 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
<b>1H 2014</b>						
At 1 January 2014	484,288	(7,759)	960	2,748	409,509	889,746
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	152,296	152,296
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	6,817	-	6,817
Total other comprehensive income	-	-	-	6,817	-	6,817
<b>Total comprehensive income</b>	-	-	-	6,817	152,296	159,113
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(11,555)	-	-	-	(11,555)
Issuance of treasury shares	-	16,555	-	(16,154)	-	401
Dividends paid	-	-	-	-	(167,146)	(167,146)
Return of unclaimed dividends	-	-	-	-	5	5
Cost of share-based payment	-	-	-	-	-	-
- charged to profit or loss	-	-	-	790	-	790
- issued to employees of subsidiaries	-	-	-	3,114	-	3,114
<b>Total transactions with owners</b>	-	5,000	-	(12,250)	(167,141)	(174,391)
At 30 June 2014	484,288	(2,759)	960	(2,685)	394,664	874,468
<b>3Q 2014</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	86,100	86,100
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(13,819)	-	(13,819)
Total other comprehensive income	-	-	-	(13,819)	-	(13,819)
<b>Total comprehensive income</b>	-	-	-	(13,819)	86,100	72,281
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issuance of treasury shares	-	794	-	(527)	-	267
Dividends paid	-	-	-	-	(104,459)	(104,459)
Cost of share-based payment	-	-	-	-	-	-
- charged to profit or loss	-	-	-	999	-	999
- issued to employees of subsidiaries	-	-	-	4,302	-	4,302
<b>Total transactions with owners</b>	-	794	-	4,774	(104,459)	(98,891)
At 30 September 2014	484,288	(1,965)	960	(11,730)	376,305	847,858

## 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
<b>1H 2013</b>						
At 1 January 2013	480,086	(3,223)	960	30,846	385,955	894,624
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	175,056	175,056
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(19,298)	-	(19,298)
Total other comprehensive income	-	-	-	(19,298)	-	(19,298)
<b>Total comprehensive income</b>	-	-	-	(19,298)	175,056	155,758
<b>Transactions with owners of the Company, recognised directly in equity</b>						
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
<b>Total transactions with owners</b>	<b>4,202</b>	<b>788</b>	<b>-</b>	<b>(12,883)</b>	<b>(167,129)</b>	<b>(175,022)</b>
At 30 June 2013	484,288	(2,435)	960	(1,335)	393,882	875,360
<b>3Q 2013</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	114,588	114,588
<b>Other comprehensive income</b>						
Net fair value changes of available-for-sale financial assets	-	-	-	(4,926)	-	(4,926)
Total other comprehensive income	-	-	-	(4,926)	-	(4,926)
<b>Total comprehensive income</b>	-	-	-	(4,926)	114,588	109,662
<b>Transactions with owners of the Company, recognised directly in equity</b>						
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
<b>Total transactions with owners</b>	<b>-</b>	<b>497</b>	<b>-</b>	<b>3,084</b>	<b>(104,464)</b>	<b>(100,883)</b>
At 30 September 2013	484,288	(1,938)	960	(3,177)	404,006	884,139

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

### **6c. Changes in the Company's share capital**

#### **(i) Issued and Paid Up Capital**

As at 30 September 2014, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,283,238 (31 December 2013: 2,087,961,345) ordinary shares.

#### **(ii) Share Options**

During 3Q 2014, 158,810 (3Q 2013: 105,895) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

In 3Q 2014, there were 68,000 (3Q 2013: 53,200) share options which lapsed.

As at 30 September 2014, there were 1,701,977 (30 September 2013: 2,183,392) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

#### **(iii) Performance Shares**

During 3Q 2014, 740,000 (3Q 2013: 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 2014 was 2,810,000 (30 September 2013: 1,915,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,215,000 (30 September 2013: 2,872,500) performance shares.

#### **(iv) Restricted Shares**

In 3Q 2014, 18,360 (3Q 2013: Nil) restricted shares were awarded under the Company's Restricted Share Plan ("RSP").

During 3Q 2014, 33,916 (3Q 2013: 18,733) restricted shares were released under the RSP and 66,767 (3Q 2013: 168,365) restricted shares lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 September 2014 was 8,319,988 (30 September 2013: 8,566,640). 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 2014 was 5,464,700 (30 September 2013: 5,253,790). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 8,197,050 (30 September 2013: 7,880,685) restricted shares.

#### **(v) Treasury Shares**

During 3Q 2014, the Company did not acquire (3Q 2013: 12,000) ordinary shares in the Company by way of on-market purchases.

In 3Q 2014, 192,726 (3Q 2013: 124,628) treasury shares were issued pursuant to the SOP and RSP.

As at 30 September 2014, 476,869 (30 September 2013: 441,840) 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 2013.

## 10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2014.

FRS 27 (2011)	Separate Financial Statements
FRS 28 (2011)	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 110, FRS 111 and FRS 112	Transition Guidance
Amendments to FRS 110, FRS 112 and FRS 27	Investment Entities
INT FRS 121	Levies

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

### Change in estimates

In accordance with the recent clarification issued by the Institute of Singapore Chartered Accountants (ISCA), the Group revised its estimates to commence revenue recognition when the project activity milestones are established instead of when work is at least 20% complete. The financial effects arising from this change in estimate are not material to the Group's financial statements.

## 11. REVIEW OF GROUP PERFORMANCE

### (i) Turnover

	3Q 2014	3Q 2013	+ / (-)	+ / (-)	9M 2014	9M 2013	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rig Building</b>	1,235.3	1,141.7	93.6	8.2	2,905.0	2,367.3	537.7	22.7
<b>Offshore and Conversion</b>	299.8	271.1	28.7	10.6	957.1	890.3	66.8	7.5
<b>Repair</b>	157.3	203.8	(46.5)	(22.8)	464.8	517.7	(52.9)	(10.2)
<b>Other Activities</b>	19.2	42.2	(23.0)	(54.5)	60.8	57.8	3.0	5.2
	<b>1,711.6</b>	<b>1,658.8</b>	<b>52.8</b>	<b>3.2</b>	<b>4,387.7</b>	<b>3,833.1</b>	<b>554.6</b>	<b>14.5</b>

Group turnover for 3Q 2014 and 9M 2014 increased mainly due to the higher revenue recognition for rig building and offshore and conversion projects.

### (ii) Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 3Q 2014 and 9M 2014 was higher mainly due to higher operating profit.

## **12. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

## **13. PROSPECTS**

The Group has a net order book of \$12.6 billion with completion and deliveries stretching into 2019. This includes a total of \$4.2 billion in new rig and offshore conversion contracts secured since the start of 2014, but excludes repair and upgrade contracts.

Despite the current low oil price environment, the Group believes long term fundamentals driving the offshore exploration and production (E&P) market remain stable. The Group continues to receive enquiries for high specification, harsh environment jack-up drilling units and next generation deepwater and ultra-deepwater floaters. However reduction in capex spending could impact new orders and keen competition continues to exert pressure on margins.

The Group remains well positioned - having built a broad product offering, a strong execution track record and state-of-the-art facilities at its Sembmarine Integrated Yard @ Tuas. The four new dry docks continue to see high utilisation for vessels undergoing repair, conversion and new buildings. With its broad range of capabilities and leading edge technology, the SIY@Tuas yard has positioned the Group for long term sustainable growth.

Sembcorp Marine's wholly owned shipyard in Brazil, Estaleiro Jurong Aracruz, commenced initial operations in 2H 2014, with construction completion scheduled for 2015.

*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 2014.

## 15. SEGMENTAL REPORTING

### 9M 2014

#### (i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	4,331,365	38,379	17,919	-	4,387,663
Inter-segment sales	-	-	160,337	(160,337)	-
<b>Total</b>	<b>4,331,365</b>	<b>38,379</b>	<b>178,256</b>	<b>(160,337)</b>	<b>4,387,663</b>
<b>Results</b>					
Segment results	453,693	11,543	9,412	-	474,648
Finance income	7,487	-	87	-	7,574
Finance costs	(10,563)	(912)	-	-	(11,475)
Investment income	78	-	1,114	-	1,192
Non-operating income	147	-	-	-	147
Share of results of associates and joint ventures	14,777	4,293	1,799	-	20,869
Profit before tax	465,619	14,924	12,412	-	492,955
Tax expense	(82,780)	(392)	(1,980)	-	(85,152)
<b>Profit for the period</b>	<b>382,839</b>	<b>14,532</b>	<b>10,432</b>	<b>-</b>	<b>407,803</b>
<b>Assets</b>					
Segment assets	7,012,778	238,495	140,270	-	7,391,543
Investments in associates and joint ventures	402,575	53,151	5,678	-	461,404
Deferred tax assets	9,178	-	-	-	9,178
Tax recoverable	300	-	-	-	300
<b>Total assets</b>	<b>7,424,831</b>	<b>291,646</b>	<b>145,948</b>	<b>-</b>	<b>7,862,425</b>
<b>Liabilities</b>					
Segment liabilities	4,549,299	126,425	18,571	-	4,694,295
Deferred tax liabilities	142,261	-	551	-	142,812
Current tax payable	99,257	-	2,216	-	101,473
<b>Total liabilities</b>	<b>4,790,817</b>	<b>126,425</b>	<b>21,338</b>	<b>-</b>	<b>4,938,580</b>
<b>Capital expenditure</b>	<b>613,877</b>	<b>-</b>	<b>170</b>	<b>-</b>	<b>614,047</b>
<b>Significant non-cash item</b>					
Depreciation and amortisation	76,956	6,228	645	-	83,829
Assets written-off	76	-	-	-	76

#### (ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	561,633	1,865,804	6,184,630	159,718
China	3,629	390,923	391,059	25
Rest of ASEAN, Australia & India	571,149	144,967	182,144	14,341
Middle East & Africa	13,018	-	-	-
Norway	750,373	-	-	-
The Netherlands	849,358	222,285	238,505	-
Rest of Europe	127,704	7,014	17,202	644
Brazil	-	818,301	842,733	439,294
U.S.A.	997,934	3,799	6,152	25
Mexico	512,865	-	-	-
<b>Total</b>	<b>4,387,663</b>	<b>3,453,093</b>	<b>7,862,425</b>	<b>614,047</b>

<sup>(1)</sup> 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 2013

#### (i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	3,780,672	29,679	22,783	-	3,833,134
Inter-segment sales	-	-	168,454	(168,454)	-
<b>Total</b>	<b>3,780,672</b>	<b>29,679</b>	<b>191,237</b>	<b>(168,454)</b>	<b>3,833,134</b>
<b>Results</b>					
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)
<b>Profit for the period</b>	<b>372,156</b>	<b>6,382</b>	<b>13,468</b>	<b>-</b>	<b>392,006</b>
<b>Assets</b>					
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
<b>Total assets</b>	<b>6,581,440</b>	<b>335,975</b>	<b>149,228</b>	<b>-</b>	<b>7,066,643</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>4,375,916</b>	<b>5,367</b>	<b>34,296</b>	<b>-</b>	<b>4,415,579</b>
<b>Capital expenditure</b>					
	566,331	-	40	-	566,371
<b>Significant non-cash item</b>					
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 <sup>(1)</sup> \$'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	79,402	-	-	-
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	-
Mexico	348,112	-	-	-
Other Countries	1,912	-	-	-
<b>Total</b>	<b>3,833,134</b>	<b>2,736,843</b>	<b>7,066,643</b>	<b>566,371</b>

<sup>(1)</sup> 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 and total 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)**

	<b>9M 2014 \$'000</b>	<b>9M 2013 \$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	5,840	2,757
Sembcorp Industries Limited and its associates	108	-
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	1,506	2,422
PSA International Pte Ltd and its associates	-	650
Singapore Technologies Engineering Ltd and its associates	10,252	744
<b>Management and Support Services</b>		
Sembcorp Industries Limited	188	188
<b>Total Interested Person Transactions</b>	<b><u>17,894</u></b>	<b><u>6,761</u></b>

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 2014 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

**TAN YAH SZE/KEM HUEY LEE SHARON  
JOINT COMPANY SECRETARIES**

**5 November 2014**