



SEMBCORP MARINE LTD
Registration Number: 196300098Z

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2009 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2009

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2009.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		4Q 2009 \$'000	4Q 2008 \$'000	+ / (-) %	FY 2009 \$'000	FY 2008 \$'000	+ / (-) %
Turnover	1.1a	1,343,219	1,617,491	(17.0)	5,724,742	5,063,948	13.0
Cost of sales		(902,961)	(1,355,610)	(33.4)	(4,738,692)	(4,408,772)	7.5
Gross profit	1.1b	440,258	261,881	68.1	986,050	655,176	50.5
Other operating income	1.1c	8,164	(5,860)	n.m.	21,811	19,638	11.1
Other operating expenses	1.1c	3,205	(51,867)	n.m.	(4,230)	(54,129)	(92.2)
General and administrative expenses	1.1d	(64,592)	(35,384)	82.5	(141,277)	(118,848)	18.9
Operating profit		387,035	168,770	129.3	862,354	501,837	71.8
Dividend and interest income		22,097	7,269	204.0	36,607	32,940	11.1
Finance costs		(361)	(1,597)	(77.4)	(5,329)	(11,370)	(53.1)
Foreign exchange transactions	1.1e	-	(43,749)	n.m.	-	(43,749)	n.m.
Non-operating income		-	-	-	368	-	n.m.
Non-operating expenses		(4,228)	-	n.m.	(11,764)	-	n.m.
Share of results of associates and joint ventures	1.1f	(9,695)	(42,538)	(77.2)	25,399	65,300	(61.1)
Profit before income tax expense	1.2	394,848	88,155	347.9	907,635	544,958	66.6
Income tax expense	1.3	(62,288)	(10,748)	479.5	(150,870)	(93,716)	61.0
Profit for the period/year		332,560	77,407	329.6	756,765	451,242	67.7
Attributable to:							
Shareholders of the Company		297,248	69,432	328.1	700,118	429,918	62.8
Minority interests		35,312	7,975	342.8	56,647	21,324	165.6
		332,560	77,407	329.6	756,765	451,242	67.7
Earnings per share (cents)							
Basic		14.41	3.38	326.3	34.02	20.83	63.3
Diluted		14.37	3.36	327.7	33.93	20.72	63.8

NOTES TO CONSOLIDATED INCOME STATEMENT:

1.1a Turnover

Group turnover increased in FY 2009 mainly due to higher percentage of completion achieved in the rig building projects. Group turnover was higher in 4Q 2008 mainly due to variation order settlement for a turnkey conversion project.

1.1b Gross profit

Gross profit margin was higher in 4Q 2009 and FY 2009 primarily due to higher margins from rig building projects arising from combination of operational efficiency, execution of projects ahead of schedule and resumption of margin recognition for some of the projects.

1.1c Other operating income/(expenses)

	Note	Group			Group		
		4Q 2009	4Q 2008	+ /(-)	FY 2009	FY 2008	+ /(-)
		\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange gain/(loss), net	1.2c	3,296	(21,050)	n.m.	(3,458)	(10,371)	(66.7)
Fair value adjustment on hedging instruments	1.2d	1,784	(40,767)	n.m.	3,160	(42,375)	n.m.
Other income		6,380	4,819	32.4	18,651	19,638	(5.0)
Other expenses		(91)	(729)	(87.5)	(772)	(1,383)	(44.2)
		<u>11,369</u>	<u>(57,727)</u>	n.m.	<u>17,581</u>	<u>(34,491)</u>	n.m.

Disclosed in Consolidated Income Statement as follows :-

Other operating income		8,164	(5,860)	n.m.	21,811	19,638	11.1
Other operating expenses		<u>3,205</u>	<u>(51,867)</u>	n.m.	<u>(4,230)</u>	<u>(54,129)</u>	(92.2)
		<u>11,369</u>	<u>(57,727)</u>	n.m.	<u>17,581</u>	<u>(34,491)</u>	n.m.

n.m. : not meaningful

Other income increased in 4Q 2009 is mainly due to higher scrap sales.

1.1d General and administrative expenses

The higher general and administrative expenses are mainly due to higher personnel related costs in 4Q 2009 and FY 2009. In particular, the higher bonus accruals are in line with the higher profits.

1.1e Foreign exchange transactions

Arising from the various unauthorised foreign exchange transactions entered into previously by a then employee of the Company for the account of one of its wholly-owned subsidiary, Jurong Shipyard Pte Ltd ("JSPL"), S\$43.7 million had been charged to the income statement in 4Q 2008 following the full and final amicable settlement of BNP Paribas's claim of S\$73.1 million, strictly on commercial basis.

1.1f Share of results of associates and joint ventures

Decreases in the share of results of associates and joint ventures in FY 2009 are mainly due to lower contribution from Cosco Shipyard Group Co. Ltd.

1.3. Income Tax Expense

The Group's tax charge for 4Q 2009 included a write back of an over provision of tax in respect of prior years of \$3,368,000 (4Q 2008: \$5,382,000).

The Group's tax charge for FY 2009 included a write back of an over provision of tax in respect of prior years of \$5,743,000 (FY 2008: \$6,328,000). Included in the over provision of tax in respect of prior years is a write back of provision for deferred tax arising from a reduction in Singapore corporate tax rate from 18% to 17%.

1.4. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group			Group		
	4Q 2009	4Q 2008	+ / (-) %	FY 2009	FY 2008	+ / (-) %
(i) Based on the weighted average number of shares (cents)	14.41	3.38	326.3	34.02	20.83	63.3
Weighted average number of shares	2,063,309,230	2,055,693,024	0.4	2,058,239,106	2,064,292,229	(0.3)
(ii) On a fully diluted basis (cents)	14.37	3.36	327.7	33.93	20.72	63.8
Adjusted weighted average number of shares	2,068,734,230	2,065,943,024	0.1	2,063,664,106	2,074,542,229	(0.5)

1.5. Breakdown of sales

	Group		
	FY 2009 \$'000	FY 2008 \$'000	+ / (-) %
<u>First Half Year</u>			
(i) Sales reported	2,861,112	2,302,211	24.3
(ii) Operating profit after tax before deducting minority interests reported	272,629	227,338	19.9
<u>Second Half Year</u>			
(iii) Sales reported	2,863,630	2,761,737	3.7
(iv) Operating profit after tax before deducting minority interests reported	484,136	223,904	116.2

1.6. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Group	
	4Q 2009	4Q 2008	FY 2009	FY 2008
	\$'000	\$'000	\$'000	\$'000
Profit for the period/year	332,560	77,407	756,765	451,242
Foreign currency translation differences	(20,537)	4,025	(30,161)	15,343
Net fair value changes of cash flow hedges	(9,115)	(4,974)	52,593	(65,977)
Net fair value changes of cash flow hedges transferred to income statement	1,266	(16,593)	8,581	(8,581)
Net fair value changes of available-for-sale financial assets	(57)	(60,886)	22,125	(452,961)
Net fair value changes of available-for-sale financial assets transferred to income statement on impairment	4,228	-	11,764	-
Other comprehensive (expense)/income for the period/year	(24,215)	(78,428)	64,902	(512,176)
Total comprehensive income/(expense) for the period/year	308,345	(1,021)	821,667	(60,934)
Attributable to:				
Shareholders of the Company	277,381	(12,203)	767,586	(82,440)
Minority Interests	30,964	11,182	54,081	21,506
Total comprehensive income/(expense) for the period/year	308,345	(1,021)	821,667	(60,934)

2. BALANCE SHEETS

Balance Sheets	Group		Company	
	31-Dec-2009 \$'000	31-Dec-2008 \$'000	31-Dec-2009 \$'000	31-Dec-2008 \$'000
Non-current Assets				
Property, plant and equipment	678,361	697,702	107,584	111,532
Investment properties	-	-	51,360	54,037
Investment in subsidiaries	-	-	629,076	620,252
Investment in associates and joint ventures	267,774	269,609	107,369	107,369
Other long-term investments	165,783	138,376	113,377	97,317
Long-term derivative financial assets	181	-	-	-
Long-term trade receivables	14,701	18,025	14,505	18,025
Long-term other receivables	36,733	37,023	65,702	73,944
Intangible assets	6,127	6,127	122	122
Deferred tax assets	47	9,436	-	-
Total Non-current Assets	1,169,707	1,176,298	1,089,095	1,082,598
Current Assets				
Inventories and work-in-progress	1,252,500	834,789	-	-
Trade receivables	228,881	480,396	30,404	16,123
Other receivables, deposits and prepayments	55,308	66,302	9,142	166,846
Derivative financial assets	2,604	-	-	-
Fixed deposits	1,638,158	1,630,147	-	-
Bank balances and cash	340,390	423,885	15,846	12,454
Total Current Assets	3,517,841	3,435,519	55,392	195,423
Current Liabilities				
Trade payables	1,565,550	1,638,812	33,117	18,843
Other payables	26,682	26,869	45,561	113,103
Provisions	60,601	38,188	-	-
Progress billings in excess of work-in-progress	696,031	966,990	-	-
Interest-bearing borrowings	12,000	202,238	-	149,945
Derivative financial liabilities	21,200	71,394	-	-
Provision for taxation	253,218	167,149	1,017	422
Total Current Liabilities	2,635,282	3,111,640	79,695	282,313
Net Current Assets/(Liabilities)	882,559	323,879	(24,303)	(86,890)
Total Assets less Current Liabilities	2,052,266	1,500,177	1,064,792	995,708
Non-current Liabilities				
Long-term interest-bearing borrowings	8,000	20,000	-	-
Long-term derivative financial liabilities	10,912	49,731	-	-
Deferred tax liabilities	66,748	61,261	34,873	34,163
Long-term other payables	-	2,603	32,987	32,849
Other provisions	6,198	6,623	2,895	2,895
Total Non-current Liabilities	91,858	140,218	70,755	69,907
	1,960,408	1,359,959	994,037	925,801
Capital & Reserves				
Share capital	443,347	443,347	443,347	443,347
Reserves	1,440,723	874,638	550,690	482,454
	1,884,070	1,317,985	994,037	925,801
Minority interests	76,338	41,974	-	-
	1,960,408	1,359,959	994,037	925,801

NOTES TO GROUP BALANCE SHEETS:

2a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

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

Amount repayable after one year

As at 31-Dec-2009		As at 31-Dec-2008	
Secured	Unsecured	Secured	Unsecured
8,000,000	-	20,000,000	-

Details of Collateral

Borrowing amounting to \$20,000,000 (31 December 2008: \$32,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Dec-2009	Dec-2008	+ / (-) %	Dec-2009	Dec-2008	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	91.27	64.11	42.4	48.15	45.03	6.9

2c. Explanatory Notes to Balance Sheets

(i) Group

Other long-term investments

'Other long-term investments' increased mainly due to the mark-to-market adjustments of quoted equity shares in Cosco Corporation (S) Ltd.

Inventories and work-in progress and Progress billings in excess of work-in-progress

'Inventories and work-in-progress' increased and 'Progress billings in excess of work-in-progress' decreased significantly mainly due to increase in rig building, offshore and conversion projects.

Trade receivables and Trade payables

'Trade receivables' and 'Trade payables' decreased significantly mainly due to timing of receipts and repayment respectively.

Interest-bearing borrowings

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

(ii) Company

Other receivables, deposits and prepayments

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

Other payables

'Other payables' decreased significantly due to repayment of amount owing to a subsidiary.

Interest-bearing borrowings

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

Net Current Liabilities

Negative working capital of the Company was due to the timing of dividend distribution from subsidiaries.

3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	4Q 2009	4Q 2008	FY 2009	FY 2008
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Operating profit	387,035	168,770	862,354	501,837
Adjustments for:				
Depreciation of property, plant and equipment, net	21,569	19,238	75,193	69,130
Impairment loss on property, plant and equipment	5,521	-	6,145	-
(Gain)/loss on disposal of property, plant and equipment, net	(39)	100	(150)	(822)
Property, plant and equipment written off	2,084	692	2,459	701
Share-based payment expenses	10,577	4,630	17,858	19,484
Fair value adjustment on hedging instruments	(1,784)	40,767	(3,160)	42,375
Amortisation	-	384	55	1,577
Negative goodwill	-	-	(298)	-
Operating income before reinvestment in working capital	424,963	234,581	960,456	634,282
Decrease/(increase) in receivables	415,819	161,404	265,074	(32,123)
(Increase)/decrease in inventories and work-in-progress	(302,559)	(90,539)	(688,670)	1,128,302
(Decrease)/increase in payables	(247,127)	24,654	(95,182)	302,112
Cash generated from operations	291,096	330,100	441,678	2,032,573
Investment and interest income received	22,086	7,116	36,986	32,504
Interest paid	(490)	(1,901)	(7,046)	(12,069)
Income tax paid	(5,979)	(4,106)	(57,869)	(42,613)
Net cash inflow from operating activities	306,713	331,209	413,749	2,010,395
Net payment to banks relating to foreign exchange transactions	-	(43,749)	-	(93,452)
	<u>306,713</u>	<u>287,460</u>	<u>413,749</u>	<u>1,916,943</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	(16,338)	(26,859)	(66,994)	(96,924)
Proceeds from sale of property, plant and equipment	3,363	(53)	7,052	1,141
Proceeds from sale of other long term investments	-	22	-	22
Investment in joint ventures	-	(250)	-	(250)
Dividend from associate	12,581	-	12,842	10,478
Capital contribution by minority shareholders	-	-	-	529
Acquisition of minority interest	-	-	(13,428)	-
Purchase of other investment	-	-	(32)	-
Net cash outflow from investing activities	(394)	(27,140)	(60,560)	(85,004)
Cash flows from financing activities:				
Payments on finance leases	(2,900)	(538)	(3,758)	(1,761)
Repayment of borrowings	(3,000)	(229,423)	(647,873)	(837,531)
Proceeds from borrowings	-	97,145	445,580	618,021
Proceeds from ESOS exercised with issue of treasury shares	2,598	305	10,035	11,713
Purchase of treasury shares	-	-	-	(93,745)
Dividend paid to shareholders of the Company	-	-	(226,666)	(209,259)
Dividend paid to minority shareholders of subsidiaries	(256)	-	(5,991)	(5,822)
Net cash outflow from financing activities	(3,558)	(132,511)	(428,673)	(518,384)
Net increase/(decrease) in cash and cash equivalents	302,761	127,809	(75,484)	1,313,555
Cash and cash equivalents at beginning of period/year	1,675,787	1,926,223	2,054,032	740,477
Cash and cash equivalents at end of period/year	1,978,548	2,054,032	1,978,548	2,054,032

NOTES TO CONSOLIDATED CASH FLOW STATEMENT:

3a. Cash and cash equivalents

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

	31-Dec-2009	31-Dec-2008
	\$'000	\$'000
Fixed deposits	1,638,158	1,630,147
Bank balances and cash	340,390	423,885
	<u>1,978,548</u>	<u>2,054,032</u>

3b. Explanatory Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for FY 2009 was \$413.7 million. The operating cash flow was mainly contributed by the operating margins from rig building projects in FY 2009. The decrease in cash inflow from operating activities from \$2.0 billion in FY 2008 to \$413.7 million in FY 2009 was mainly due to receipts from more ongoing and completed projects in FY 2008 as compared to FY 2009 arising from collections in accordance with the agreed projects payment terms.

Net cash outflow from investing activities for FY 2009 was \$60.6 million. The Group spent \$67.0 million in FY 2009 on expansion and operational capital expenditures and \$13.4 million on acquisition of minority interest in 1Q 2009.

Net cash outflow from financing activities for FY 2009 was \$428.7 million. It relates mainly to repayment of bank borrowings and payment of dividend.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

<u>GROUP</u>	Attributable to shareholders of the Company								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	Minority interests \$'000	
<u>9M 2009</u>									
At 1 January 2009	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959
Issuance of treasury shares	-	25,592	-	-	(18,432)	-	7,160	-	7,160
Dividend paid to									
- Company's shareholders	-	-	-	-	-	(226,666)	(226,666)	-	(226,666)
- minority shareholder	-	-	-	-	-	-	-	(5,735)	(5,735)
Cost of share-based payment - charged to income statement	-	-	-	-	9,105	-	9,105	64	9,169
Acquisition of minority interest	-	-	-	-	-	-	-	(13,726)	(13,726)
Realisation of reserve upon liquidation of subsidiary	-	-	-	(368)	-	-	(368)	-	(368)
Total comprehensive income for the period	-	-	-	(8,626)	95,961	402,870	490,205	23,117	513,322
At 30 September 2009	443,347	(30,263)	14,084	(12,137)	50,189	1,132,201	1,597,421	45,694	1,643,115
<u>4Q 2009</u>									
Issuance of treasury shares	-	4,814	-	-	(1,886)	-	2,928	-	2,928
Dividend paid to - minority shareholder	-	-	-	-	-	-	-	(256)	(256)
Cost of share-based payment - charged to income statement	-	-	-	-	6,340	-	6,340	(64)	6,276
Transfer from revenue reserve to capital reserves by associate	-	-	11,241	-	-	(11,241)	-	-	-
Total comprehensive income for the period	-	-	-	(18,337)	(1,530)	297,248	277,381	30,964	308,345
At 31 December 2009	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408

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

GROUP	Attributable to shareholders of the Company								
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Minority interests \$'000	Total Equity \$'000
9M 2008									
At 1 January 2008	442,549	-	14,084	(18,304)	506,393	735,338	1,680,060	25,656	1,705,716
Issue of shares under Share Option Plan	798	-	-	-	-	-	798	-	798
Purchase of treasury shares	-	(93,745)	-	-	-	-	(93,745)	-	(93,745)
Issuance of treasury shares	-	37,105	-	-	(27,070)	-	10,035	-	10,035
Issue of shares to minority shareholder	-	-	-	-	-	-	-	529	529
Dividend paid to - Company's shareholders - minority shareholder	-	-	-	-	-	(209,259)	(209,259)	-	(209,259)
	-	-	-	-	-	-	-	(5,822)	(5,822)
Cost of share-based payment - charged to income statement	-	-	-	-	8,839	-	8,839	75	8,914
Total comprehensive income for the period	-	-	-	11,374	(442,097)	360,486	(70,237)	10,324	(59,913)
At 30 September 2008	443,347	(56,640)	14,084	(6,930)	46,065	886,565	1,326,491	30,762	1,357,253
4Q 2008									
Issuance of treasury shares	-	785	-	-	(594)	-	191	-	191
Cost of share-based payment - charged to income statement	-	-	-	-	3,506	-	3,506	30	3,536
Total comprehensive income for the period	-	-	-	3,787	(85,422)	69,432	(12,203)	11,182	(1,021)
At 31 December 2008	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959

4b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<u>9M 2009</u>						
At 1 January 2009	443,347	(55,855)	960	55,271	482,078	925,801
Issuance of treasury shares	-	25,592	-	(18,155)	-	7,437
Dividend paid to - Company's shareholders	-	-	-	-	(226,666)	(226,666)
Cost of share-based payment - charged to income statement	-	-	-	2,173	-	2,173
- issued to employees of subsidiaries	-	-	-	7,100	-	7,100
Total comprehensive income for the period	-	-	-	14,907	160,029	174,936
At 30 September 2009	443,347	(30,263)	960	61,296	415,441	890,781
<u>4Q 2009</u>						
Issuance of treasury shares	-	4,814	-	(2,216)	-	2,598
Cost of share-based payment - charged to income statement	-	-	-	1,080	-	1,080
- issued to employees of subsidiaries	-	-	-	5,649	-	5,649
Total comprehensive income for the period	-	-	-	(1,268)	95,197	93,929
At 31 December 2009	443,347	(25,449)	960	64,541	510,638	994,037
<u>9M 2008</u>						
At 1 January 2008	442,549	-	960	347,065	546,459	1,337,033
Issue of shares under Share Option Plan	798	-	-	-	-	798
Purchase of treasury shares	-	(93,745)	-	-	-	(93,745)
Issuance of treasury shares	-	37,105	-	(26,495)	-	10,610
Dividend paid to - Company's shareholders	-	-	-	-	(209,259)	(209,259)
Cost of share-based payment - charged to income statement	-	-	-	2,291	-	2,291
- issued to employees of subsidiaries	-	-	-	6,601	-	6,601
Total comprehensive income for the period	-	-	-	(245,312)	105,282	(140,030)
At 30 September 2008	443,347	(56,640)	960	84,150	442,482	914,299
<u>4Q 2008</u>						
Issuance of treasury shares	-	785	-	(480)	-	305
Cost of share-based payment - charged to income statement	-	-	-	859	-	859
- issued to employees of subsidiaries	-	-	-	2,657	-	2,657
Total comprehensive income for the period	-	-	-	(31,915)	39,596	7,681
At 31 December 2008	443,347	(55,855)	960	55,271	482,078	925,801

4c. Changes in the Company's share capital

Issued and Paid Up Capital

As at 31 December 2009, the Company's issued and paid up capital, excluding treasury shares comprises 2,064,288,925 (31 December 2008: 2,055,827,103) ordinary shares.

Share Options

During 4Q 2009, the Company issued 1,292,518 ordinary shares upon the exercise of the options under the Company's Share Option Plan ("SOP") by way of issuance of treasury shares (4Q 2008: 218,175 ordinary shares issued by way of issuance of treasury shares).

As at 31 December 2009, there were 20,238,168 (31 December 2008: 25,919,044) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 4Q 2009, there was no (4Q 2008: Nil) performance share granted under the Company's Performance Share Plan ("PSP").

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2009 was 2,315,000 (31 December 2008: 2,610,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,472,500 (31 December 2008: 3,915,000) performance shares.

Restricted Shares

During 4Q 2009, there was no (4Q 2008: Nil) restricted share granted conditionally under the Company's Restricted Stock Plan ("RSP"). No (4Q 2008: Nil) restricted share was vested and 29,306 (4Q 2008: 37,124) restricted shares lapsed.

The Company released a total of 47,289 (4Q 2008: Nil) restricted shares during 4Q 2009 to the participants due to retirement.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2009, was 10,406,962 (31 December 2008: 8,762,851). 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 31 December 2009 was 6,709,730 (31 December 2008: 7,422,586). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,064,595 (31 December 2008: 10,339,522) restricted shares.

Treasury Shares

During 4Q 2009, the Company made no (4Q 2008: Nil) purchases of its ordinary shares.

The Company issued 1,339,807 (4Q 2008: 218,175) treasury shares during 4Q 2009 pursuant to the SOP and RSP.

As at 31 December 2009, 7,082,545 (31 December 2008: 15,544,367) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

5. AUDIT

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. The audit is in progress and has not yet been completed.

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

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

8. CHANGES IN ACCOUNTING POLICIES

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

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

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies.

9. REVIEW OF GROUP PERFORMANCE

Group Overview

4Q 2009 versus 4Q 2008

	4Q 2009 \$'m	4Q 2008 \$'m	+ / (-) \$'m	+ / (-) %
Rig Building	934.3	862.8	71.5	8.3
Offshore and Conversion	235.3	534.2	(298.9)	(56.0)
Repair	160.5	201.2	(40.7)	(20.2)
Other Activities	13.1	19.3	(6.2)	(32.1)
Group Turnover	<u>1,343.2</u>	<u>1,617.5</u>	<u>(274.3)</u>	<u>(17.0)</u>

Group turnover for 4Q 2009 was 17.0% lower at \$1,343.2 million from \$1,617.5 million in 4Q 2008. Group turnover was higher in 4Q 2008 mainly due to variation order settlement for a turnkey conversion project.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 129.3% to \$387.0 million in 4Q 2009 from \$168.8 million in 4Q 2008.

Group pre-tax profit increased by 347.9% to \$394.8 million from \$88.2 million in 4Q 2008. The increase is mainly attributable to higher operating margins from rig building projects.

Group Profit Attributable to Members of the Company

Group attributable profit for 4Q 2009 increased by 328.1% to \$297.2 million from \$69.4 million in 4Q 2008. The record 4Q 2009 profit was attributable to combination of operational efficiency, execution of projects ahead of schedule, resulting in better margins and resumption of margin recognition for some of the projects.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

Group Overview

FY 2009 versus FY 2008

	FY 2009 \$'m	FY 2008 \$'m	+ / (-) \$'m	+ / (-) %
Rig Building	3,634.7	2,839.6	795.1	28.0
Offshore and Conversion	1,343.3	1,354.4	(11.1)	(0.8)
Repair	705.9	794.8	(88.9)	(11.2)
Shipbuilding	-	2.0	(2.0)	n.m.
Other Activities	40.8	73.1	(32.3)	(44.2)
Group Turnover	5,724.7	5,063.9	660.8	13.0

Group turnover for FY 2009 rose 13.0% to \$5,724.7 million from \$5,063.9 million in FY 2008, with the rig building sector registering an increase of 28.0% due to progressive recognition of rig building projects.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 71.8% to \$862.4 million in FY 2009 from \$501.8 million in FY 2008, due to better operational efficiency and execution of repeat rig orders.

Group pre-tax profit increased by 66.6% to \$907.6 million from \$545.0 million in FY 2008. The increase is mainly attributable to higher operating margins from rig building projects.

Group Profit Attributable to Members of the Company

Group attributable profit for FY 2009 increased by 62.8% to \$700.1 million from \$429.9 million in FY 2008.

10. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

11. PROSPECTS

The Group has a net order book of S\$5.5 billion with completion and deliveries stretching till early 2012. This includes the S\$1.25 billion new orders secured in FY 2009.

The year ahead sees increasing confidence with the global economy showing signs of recovery albeit at different speeds in the various regions, driven largely by Asia. Demand for energy is also expected to grow. Fundamentals for the offshore oil and gas sector remain intact with prices of oil stabilising within the range of US\$70 to US\$80 a barrel. Long-term fundamentals driving deepwater exploration and production activities are expected to continue in order to replenish declining oil and gas reserves and to increase production to meet growing energy demand. Although the Group's order book may benefit from this growth, we will face severe competition from other shipyards.

For ship repair, the bigger docks are well-booked due to the strong support from the Group's Alliance/FCC and regular customers and its niche market segment of LNG carriers' refurbishment. Demand for our bigger docks remains strong.

FY 2009 was an exceptional year in terms of profit. With the existing orders, the Group expects to achieve satisfactory results for FY 2010.

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

12. DIVIDEND

(a) *Current Financial Period Reported On*

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Interim Ordinary	Final Ordinary	Final Special	Total
Dividend Type	Cash	Cash	Cash	Cash
Dividend Rate	5.00 cents per ordinary share one-tier tax exempt	6.00 cents per ordinary share one-tier tax exempt	4.00 cents per ordinary share one-tier tax exempt	15.00 cents per ordinary share one-tier tax exempt

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim Ordinary	Final Ordinary	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	5.00 cents per ordinary share one-tier tax exempt	6.00 cents per ordinary share one-tier tax exempt	11.00 cents per ordinary share one-tier tax exempt

(c) *Date payable*

The proposed final ordinary and special dividend will be paid on 10 May 2010.

(d) *Books closure date*

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 27 April 2010 for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea building, Singapore 188721, up to 5 p.m. on 26 April 2010 will be registered before entitlements to dividend are determined.

(e) *Total Annual Dividend*

	2009 \$'000	2008 \$'000
Interim Ordinary dividend	103,124	102,906
Final Ordinary dividend*	123,857	123,542
Final Special dividend*	82,572	-
Total	309,553	226,448

* 2009 proposed final ordinary and special dividend are estimated based on share capital of 2,064,288,925 ordinary shares at the end of the financial year.

13. **SEGMENTAL REPORTING**

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: FY 2009					
Turnover					
Sales to external parties	5,705,156	-	19,586	-	5,724,742
Inter-segment sales	-	-	125,584	(125,584)	-
Consolidated sales	5,705,156	-	145,170	(125,584)	5,724,742
Results					
Segment results	856,801	(145)	5,698	-	862,354
Dividend and interest income	36,586	-	21	-	36,607
Finance costs	(5,329)	-	-	-	(5,329)
Non-operating income	368	-	-	-	368
Non-operating expenses	(11,764)	-	-	-	(11,764)
Share of results of associates & joint ventures	17,503	7,856	40	-	25,399
Profit before income tax expense	894,165	7,711	5,759	-	907,635
Income tax expense	(149,425)	(632)	(813)	-	(150,870)
Profit for the year	744,740	7,079	4,946	-	756,765
Other information					
Capital expenditure	66,981	-	13,473	-	80,454
Depreciation	73,965	-	1,228	-	75,193
Amortisation	55	-	-	-	55
Other segment assets					
Interest bearing assets	2,681,525	15,496	25,961	-	2,722,982
Investments in associates & joint ventures	1,670,669	-	24,371	-	1,695,040
Deferred tax assets	239,831	27,411	532	-	267,774
Tax recoverable	-	-	47	-	47
	1,705	-	-	-	1,705
Total segment assets	4,593,730	42,907	50,911	-	4,687,548
Other segment liabilities					
Interest bearing liabilities	2,373,503	10	13,661	-	2,387,174
Deferred tax liabilities	20,000	-	-	-	20,000
Provision for taxation	66,201	-	547	-	66,748
	251,317	525	1,376	-	253,218
Total segment liabilities	2,711,021	535	15,584	-	2,727,140

13. SEGMENTAL REPORTING (Cont'd)

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: FY 2008					
Turnover					
Sales to external parties	5,011,414	-	52,534	-	5,063,948
Inter-segment sales	-	-	281,344	(281,344)	-
Consolidated sales	5,011,414	-	333,878	(281,344)	5,063,948
Results					
Segment results	492,733	(378)	9,482	-	501,837
Dividend and interest income	32,917	-	23	-	32,940
Finance costs	(11,370)	-	-	-	(11,370)
Foreign exchange transactions	(43,749)	-	-	-	(43,749)
Share of results of associates & joint ventures	56,953	8,308	39	-	65,300
Profit before income tax expense	527,484	7,930	9,544	-	544,958
Income tax expense	(91,700)	(131)	(1,885)	-	(93,716)
Profit for the year	435,784	7,799	7,659	-	451,242
Other information					
Capital expenditure	95,259	-	4,789	-	100,048
Depreciation	67,793	-	1,337	-	69,130
Amortisation	1,577	-	-	-	1,577
Other segment assets					
Interest bearing assets	1,726,825	-	17,255	-	1,744,080
Investments in associates & joint ventures	248,915	20,187	507	-	269,609
Deferred tax assets	9,374	-	62	-	9,436
Tax recoverable	4,693	-	-	-	4,693
Total segment assets	4,526,457	35,951	49,409	-	4,611,817
Other segment liabilities					
Interest bearing liabilities	225,996	-	-	-	225,996
Deferred tax liabilities	60,611	-	650	-	61,261
Provision for taxation	164,798	525	1,826	-	167,149
Total segment liabilities	3,232,939	530	18,389	-	3,251,858

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

13. SEGMENTAL REPORTING (Cont'd)

(ii) *By geographical area*

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

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Total \$'000
FY 2009					
Revenue from external customers	574,053	2,236,593	2,166,215	747,881	5,724,742
Total segment assets	4,299,064	380,797	-	7,687	4,687,548
Capital expenditure	74,085	6,276	-	93	80,454
FY 2008					
Revenue from external customers	1,269,577	1,889,064	1,595,358	309,949	5,063,948
Total segment assets	4,238,607	363,683	-	9,527	4,611,817
Capital expenditure	83,406	16,556	-	86	100,048

13a. Review of segment performance

Please refer to paragraph 9.

14. INTERESTED PERSON TRANSACTIONS

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

	FY 2009 \$'000	FY 2008 \$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines Ltd and its associates	-	10,152
PSA International Pte Ltd and its associates	4,495	2,853
Transaction for the Purchase of Goods and Services		
PSA International Pte Ltd and its associates	-	4,780
Sembcorp Industries Limited and its associates	28,450	34,574
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	33,195	52,609

BY ORDER OF THE BOARD

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

22 February 2010